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AUTHOR	Moeller, Patti; Van Horn, Carl
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ABSTRACT

This report is intended to provide practitioners and policymakers with a thorough history of efforts to link employment and training programs, community development programs, small business development programs, minority enterprise development programs, and economic development programs. The report contains three sections. Section 1 is an essay on economic development and employment and training coordination. Section 2 contains more than 20 annotated readings that deal with federally based coordination efforts in community development, economic development, employment and training, rural and Indian reservation development, and small and minority businesses development. Each annotation contains the report topic, scope and method of research, findings, and source. Section 3 contains an annotated list of more than 130 reports, articles, and books of readings related to the above categories. Eight standard bibliographic indexes and 35 research organizations and associations were contacted in order to compile the materials cited in the report. These resources are listed in appendix A, while appendix B contains a list of common acronyms used in the annotations. The report is part of the work on a 2-year evaluation of the Targeted Jobs Demonstration Program (TJDP), which is being conducted by Rutgers University. (KC)

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COORDINATING ECONOMIC, COMMUNITY, AND SMALL AND MINORITY BUSINESS DEVELOPMENT WITH EMPLOYMENT AND TRAINING PROGRAMS

An Essay, Annotated Bibliography, and List of Related Readings

November 1981

Prepared for: The Interagency Monitoring Board, Targeted Jobs Demonstration Program
U.S. Department of Housing and Urban Development, Chair
U.S. Department of Labor
U.S. Department of Transportation
Small Business Administration
Economic Development Administration
Community Services Administration

Prepared by: Rutgers--The State University of New Jersey
New Brunswick, New Jersey 08901

By

Patti Moeller
Carl Van Horn
The Eagleton Institute of Politics

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PREFACE

The purpose of this report is to provide practitioners and policymakers with a thorough history of efforts to link employment and training programs, community development programs, small business development programs, minority enterprise development programs, and economic development programs.

This report contains three sections. Section I contains an essay on economic development and employment and training coordination. Section II contains over 20 annotated readings. Materials were annotated if they a.) deal with the coordination of current federal economic development, employment and training, small business development and minority business development programs; b.) are major works; 3.) have high potential utility for practitioners. Each annotation follows a common format:

I. Report Topic: a concise statement of the issue addressed by the study or report.

II. Scope and Method: the research design employed by the authors and the communities investigated.

III. Findings: the major conclusions of the study with an emphasis on methods, techniques, strategies and policy issues.

IV. Availability: the name, address, and telephone number of the most direct method for obtaining the full report.

Section III contains a list of over 130 reports, articles and books on Community Development, Economic Development, Employment and Training, Rural and Indian Reservation Development, or Small and Minority Business Development.

Sections II and III are comprehensive but not exhaustive, reflecting the limitations of time and the availability of some documents. Eight standard bibliographic indexes and thirty-five research organizations and associations were contacted in order to compile the materials cited in this report. These resources are listed in Appendix A. Appendix B contains a list of common acronyms used in the annotations.

The report is part of the work on a two-year evaluation of the Targeted Jobs Demonstration Program (TJDP) which is being conducted by Rutgers - The State University of New Jersey.

TJDP represents an innovative effort to link the private jobs created by the Federal government through various economic and community development programs, mass transit projects, and other Federal investments with manpower programs designed and operated through CETA. Through a variety of approaches to be decided largely at the local level, employment training programs will be coordinated with Federal economic, community, and transportation projects so that the "maximum feasible" number of jobs created by the projects go to the economically disadvantaged and so that the "maximum feasible" number of spinoff business opportunities go to small or minority businesses. TJDP thus hopes to demonstrate that targeted, strategic local action can leverage significant numbers of jobs and business opportunities for the economically disadvantaged and for small or minority businesses.

TJDP is being operated under an interagency agreement among the Departments of Housing & Urban Development (as the lead agency), Labor, Transportation, and Commerce and the Community Services Administration. It provided grants of between $100,000 and $200,000 to 13 communities and an Indian tribe. The communities are Lynn, Massachusetts; Philadelphia, Pennsylvania; Wilmington, Delaware; Portland, Maine; New York City; Portland, Oregon; Genesee County, Michigan; Paterson, New Jersey; Seattle, Washington; San Antonio, Texas; Milwaukee, Wisconsin; Buffalo, New York; Montanawide (Blackfeet Tribe); and Metcalfe, Mississippi. Most of the grants began in April 1980 and are scheduled to terminate in April 1982.

The Rutgers evaluation project is jointly funded by the U.S. Departments of Housing and Urban Development, Labor,and Transporation, and the Small Business Administration, the Economic Development Administration and the Community Services Administration. The contract was issued by HUD on behalf of an Interagency Monitoring Board composed of representatives from the six funding agencies. HUD chairs this group which oversees the TJDP grantees and the evaluation project. Additional support comes from the Eagleton Institute of Politics and the Center for Human Resources of Rutgers University.

The evaluation project is directed by Carl Van Horn of the Eagleton Institute of Politics; the project's associate director is David Ford of the Center for Human Resources. Van Horn, Ford and their colleagues at Rutgers and several other universities, colleges, and research institutions will be conducting the two year study of efforts to coordinate employment and training programs with economic and community development programs in the 14 demonstration sites. Periodic reports on promising program approaches and techniques will be prepared for the project grantees and for the wider practitioner community.

This report was drafted principally by Patti Moeller, of the Center for Human Resources, and by Carl Van Horn. Additional annotations and research assistance were provided by Stephen Adubato, Jocelyn Buck, Steven Feinstein, Kathy LaVanche, Kevin Reams and David Westburg--all from the Eagleton Institute of Politics. The project director assumes responsibility for the final report.

I. ECONOMIC DEVELOPMENT AND EMPLOYMENT AND TRAINING PROGRAM COORDINATION

Federal, state and local government officials frequently decry the lack of coordination between employment and training programs and development programs. Yet there have been few attempts to coordinate the two activities. Why the lack of coordination? What have been the results of efforts to link employment and training and development programs? What does it mean to coordinate employment and training and development activities?

A. Past Coordination

Traditionally, U.S. government policymakers have segmented programs aimed at stimulating private sector investments in urban areas from programs aimed at directly fostering the employment of low-income people. Consequently, the typical urban economic development program doesn't demand equity benefits from the private firm.

Federal, state, and local economic development agencies have often adopted a pro-business and anti-government posture. Their principal concern has been to provide financial assistance so that businesses can expand in or move into particular political jurisdictions. Economic development agencies have also tried to lessen government intervention into businesses by eliminating red-tape and by reducing the "strings" on public assistance that businesses find objectionable.

Programs of low-interest loans, grants, tax abatements, guaranteed loans and the like are sold to legislators and executives and justified to the public on the grounds that they will not only benefit private investors but also benefit the community. It is argued that such programs which lower the costs of conducting business in urban settings should help stabilize declining urban areas, increase tax ratables, halt physical deterioration, and most importantly provide jobs. In practice, however, economic development agencies have largely ignored the rhetoric about job creation and have not focused systematically on the equity benefits that might accrue from public investments in private firms. Following their pro-business advocacy role, these agencies tend to concentrate on the efficiency of the investment. They are concerned with how much money the public investment will generate or salvage for the community.

Equity concerns are indirectly addressed by nearly all urban economic development policies. Public assistance is often limited to companies located in or moving to distressed communities (measured in a variety of ways). Public investments are tied to a policy agenda that goes beyond efficiency considerations, but, the equity benefits that might be derived from urban economic development aid are considered a secondary and indirect outcome rather than primary and direct result of the government intervention.

Inter-state and inter-city competition has also dampened the demands that policymakers in any one jurisdiction are willing to place on private sector firms. Economic development programs at the state and local level are usually designed to lure companies from one location to their community or at minimum to stem out-migration. Consequently, lawmakers have designed packages of financial assistance that make their jurisdiction more attractive than other locations. In the bidding war that ensues, policies that require the firm to behave according to government proscription are naturally viewed with skepticism, if not alarm.

Finally, concerns over employment benefits have rarely been imported into the economic development process at the local level because the agencies responsible for implementing federal, state, and local urban aid programs operate independently of one another. Economic development and employment and training agencies, having been created by an independent funding source, tend not to interact with one another or understand each other's missions and responsibilieis. They tend to recruit people with different orientations and goals and seldom are forced to examine how they might work together. The bureaucratic and political incentives run in the opposite direction; coordination is irrational.

While economic development programs have been focused in the capital market, federal manpower programs have concentrated on the functioning of the labor market by attempting to upgrade the ability of chronically unemployed people to compete for jobs. In contrast to economic development programs, manpower programs have been justified almost entirely on equity grounds. It is argued that such programs will stimulate increased employment for certain groups, such as low-income people and minorities, who otherwise face significant barriers to employment, even when the economy is relatively healthy. Manpower programs are also justified in part by their contribution to efficiency (a more highly trained workforce is more productive) and by their contribution to lowering income transfer payments.

Since their inception in the United States in the early 1960s manpower programs for the structurally unemployed have extracted a mild quid pro quo from private firms. They offer moderate financial incentives, usually in the form of reduced wages or specialized training, in order to induce the private firm to hire unemployed and low-income people. Policymakers assume, therefore, that the private employers are altering their behavior by employing someone whom they would not normally hire. Whether this assumption is correct or not, the programs were designed to produced a public benefit--hiring the chronically unemployed--in return for a public investment.

B. Recent Trends

Recently, the federal government added a new wrinkle to employment and training programs by creating the so-called Private Sector Initiative Program (PSIP). This program is similar to previous manpower programs in all respects except one: it is the first time that manpower agencies have specifically adopted a pro-business posture. Each political jurisdiction receiving PSIP funds is expected to appoint a Private Industry Council with majority representation from the private sector. This group in turn is expected to advocate a pro-business position to the employment and training community and elected officials and spend its funds in such a way as to benefit the business community. Businesses hiring individuals from PSIP programs are still required to take those that have low-incomes and histories of chronic unemployment.

Within the last few years a growing number of federal, state, and local policymakers have begun to challenge the traditional isolation of equity and efficiency concerns in urban economic development. The willingness to place demands on the private sector in return for public assistance has increased, but it is still not widespread. What has brought about this movement and change?

There is a growing dissatisfaction or unease among long-time supporters of urban economic development programs that they don't produce many jobs in relation to the investment. Federal, state, and local elected officials have been asking some tough questions about economic development projects, such as whether economic development assistance is a windfall or a necessary incentive. Moreover, various studies commissioned by the federal government have demonstrated that the job generating outcomes of economic development assistance are much lower than claimed by the applicants for aid. One study based on field evaluations of economic development projects concluded that applicants over-estimated the jobs created through economic development aid by a factor of seven to one. One way to demonstrate that economic development aid is worthwhile is to tie it with other public purposes, such as hiring unemployed city residents.

Local officials are also becoming more sophisticated, or perhaps more cynical, about the economic development process. They are beginning to question the assumption that a modest provision of tax incentives and cheap money will alter the behavior of private firms. Business location and expansion decisions are very complex and governmental inducements may be marginally important. Much more salient are such factors as the availability of suitable labor and access to markets to which the firm can sell their product or service. Government decision-makers are gaining more knowledge about how to intervene in the economic development process and what they can reasonably expect from businesses in return for public support.

A set of policy initiatives have also contributed to changing attitudes and practices regarding urban economic development assistance. During the Carter Administration, federal officials initiated several program demonstrations and promulgated policy statements supporting the concept of obtaining jobs for the structurally unemployed from economic development aid. The only one of these initiatives to reach maturity was the Targeted Jobs Demonstration Program, but the widespread discussion and promotion of job targeting has influenced the thinking of policymakers at state and local levels. According to a recent study of twenty-five cities by The Hartford Policy Center, eighteen cities targeted their economic development projects to either a specific resident population subgroup such as minorities, women, or youth, or to the structurally unemployed.[1]

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[1] Hartford Policy Center, "Employment Leveraging Strategies for Cities: Working Draft," prepared for the U.S. Department of Commerce, Economic Development Administration, 1980, mimeo.

More recently, bipartisan support has been growing for an Urban Enterprise Zone concept which would provide substantial tax relief and other assistance to companies locating in distressed urban areas. Nearly all the proposals for such special zones contain provisions to encourage the hiring of the structurally unemployed residents of the "enterprise zone."

Finally, the impact of scarce federal resources has helped renew emphasis on inter-agency coordination and program consolidation. Federal, state, and local officials are looking at the range of programs in their jurisdictions and trying to devise ways to achieve public benefits with less money. As resources shrink, strategies that might guarantee higher returns on investments become more attractive. A program that ties job benefits to economic development assistance thus becomes more appealing to hard pressed administrators and elected officials.

C. Benefits for Economic Development Programs

Why link CETA with economic development? Why should economic development professionals and CETA administrators coordinate their efforts? Businesses which are participating in economic development projects receive at least six benefits from coordination including (1) customized training programs for businesses which move into an area, (2) upgrading and retraining services, (3) extra financial assistance for new firms, (4) screening and referral services, (5) labor market information, (6) better information on the job benefits of potential development projects.

Customized Training Programs

Most business location studies show that the availability of trained labor is a more important factor in industrial location decisions than tax abatements, interest subsidies, land write downs, or other traditional development incentives. CETA can provide a valuable service to economic development staff by offering to custom train workers for companies which move into an area. Portland Oregon's offer to custom train an entire blue collar workforce for Wacker Siltronics was the key incentive which persuaded the German electronics firm to open a new plant in Portland. One of the reasons that Moog Inc. decided not to leave Buffalo for a less-expensive New Hampshire location was the willingness of local employment and training staff to subsidize training of 700 new workers needed for the firm's expansion.

Upgrading, Retraining

CETA funds can help employers upgrade or retrain employees to meet skill shortages. CETA will pay for all upgrading costs, i.e., costs associated with training entry-level workers for higher skill positions, if a firm agrees to (a) hire individuals who successfully complete training, and (b) fill their vacated entry-level positions with CETA-eligibles. Likewise, CETA pays for all the costs associated with retraining unemployed workers as long as a firm agrees to hire workers who successfully complete training.

Broward County, Florida, has used upgrading funds to meet an acute shortage of electronics technicians. In June 1980, fifty-nine participants from six companies successfully completed a six month training program and were hired as electronics technicians. Over sixty CETA eligibles were hired to fill the entry-level vacancies created by the upgrading. Milwaukee's Private Industry Council (PIC) used upgrading funds to set up a program to improve worker's skills in the electro-mechanical trades. So far, 60 workers from 25 firms have completed upgrading training at a total cost of $70,000.

Extra Financial Assistance

The Targeted Jobs Tax Credits (TJTC) program and CETA's customized training and On-the-Job Training (OJT) programs can be used to provide financial assistance to firms which want to expand. TJTC allows firms which hire disadvantaged individuals to claim tax credits against their corporate income, of 50% of first year wages and 25% on second year wages. CETA's classroom and OJT programs reimburse employers for the costs involved with training unskilled individuals.

Buffalo awards OJT contracts directly to high technology firms to help them over cash or working capital shortages. It gives the firms a large lump sum payment which is amortized as trainees get placed in jobs. Moog Inc. set up a large scale in-plant training center for machinists with CETA funds. Another Buffalo firm, Comptek Research, Inc. is beginning a project to train 140 computer programmers and operators over a several year period.

Screening and Referral Services

CETA can provide a valuable service to private firms by assuming some of the costs involved with hiring and training workers. When economic development staff identify job openings, CETA staff can provide direct, no cost, assessment and referral services. The employer receives the benefits of using an employment agency without having to pay for it.

Information on Labor Markets

CETA staff can be a valuable source of information about the characteristics of the local labor market. First, they can supply information on the size and composition of the local workforce to companies which are thinking of relocating in the area. Second, CETA staff can assist economic development professionals by identifying the strengths of the local labor force. In Fall River, Massachusetts, a labor market survey taken by PIC staff convinced city officials to target economic development programs to high technology industries.

Third, CETA staff can help economic development planners devise comprehensive long-range investment strategies. In Chicago, employment and training staff worked with economic development staff to produce a planning document (the *Seven Year Development Plan*) which links job strategies with economic development strategies. The plan presented city decision makers with three alternatives: Under Option A, the city would market choice industrial sites and provide job placement assistance in the city's strong industrial areas. Option B involved land assembly, write-downs, infrastructure investments, skill training and OJT in the city's marginal areas. Option C involved urban renewal, work experience and Public Service Employment programs in blighted areas.

Accurate Estimates of Development-related Jobs

A 1978 study prepared for the U.S. Department of Commerce found that there is a 7:1 ratio of estimated to actual jobs associated with economic development projects.[2] Some job estimates are blind guesses, others are based on a firm's perception of what public officials want to hear. CETA staff can help to solve this problem by giving economic development professionals reliable estimates of the number of jobs which will result from development assistance. In other words, coordination can give economic development professionals a much better picture of what sort of public return they are getting on their investment.

An employment and training staffer stationed at the New York Economic Capital Corporation (ECC) develops job estimates for all firms which ask the ECC for assistance. ECC officials feel that this gives them better information with which to compare applications for Urban Development Action Grants.

D. Benefits to CETA Programs

CETA agencies and their clients receive several benefits from working with economic development professionals including (1) information on area labor needs, (2) more opportunities to place training gradutes, (3) more opportunities for OJT contracts and hiring agreements, (4) additional private employment and training funds, (5) an improved image, (6) increased attention to job issues.

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[2] Abdul O.J. Shaikh and Patricia Salinas, "Evaluating Economic Development Programs," prepared for the U.S. Department of Commerce, Economic Development Administration, 1978, mimeo.

Information on Labor Needs

In order to offer effective programs, CETA planners need to know when and where and how jobs will be created. Economic development professionals are usually the first to learn this information and they can provide a crucial service by passing it on to CETA staffers. This enables CETA to develop appropriate, timely training programs. Also, economic development staffers can assist CETA by pointing out areas of labor skill shortages. Economic development employees in Lynn, Massachusetts identified a shortage of skilled machinists and developed a training program to fill that need using WIN and CETA participants. In Syracuse a Manufacturer's Association identified a shortage of machinists and welders and started an Industrial Trade Institute to train the needed workers. The city's CETA program refers clients to the Institute from time to time.

Opportunities to Place Training Graduates and Develop OJT Contracts

CETA administrators can increase the chance of placing graduates of training programs by cooperating with economic development professionals Economic development staff are well-situated to play a broker role between CETA and private firms. They can refer firms to CETA for assistance; they can tell CETA of firms which have been recently assisted. Also, economic development professionals are well-suited to market CETA's programs, i.e., private firms may have fewer inhibitions about working with CETA when they are originally approached by a "pro-business" development agency.

Opportunities for OJT Contracts and Hiring Agreements

Economic development agencies can help CETA to negotiate job-targeting agreements with firms which receive development assistance. This provides a guaranteed source of jobs for the disadvantaged.

Additional Private Employment and Training Funds

CETA's involvement in an economic development project may have a multiplier effect--it may convince private firms to spend additional money to train the disadvantaged. In other words, coordination can help CETA leverage private employment and training resources. Employment and training staff in Lynn, Massachusetts used a $40,000 state grant to leverage $40,000 in in-kind commitments (machinery and materials) from private firms for a Machinist Training Program. In Rhode Island, CETA and General Dynamics split the costs of operating a training center for General Dynamic's employees. CETA pays half of the training costs and half of the instructor's salaries. General Dynamics pays half of the training costs, half of the instructors' salaries, and it provides welding equipment and training materials for the program. The Chataugua County, New York prime sponsor used CETA funds to train 80 workers when TRW (a ball bearing firm) expanded its plant. Afterwards, TRW set up an on-going, company financed program for entry level and upgrade training.

An Improved Image

Another benefit from coordination is that it improves CETA's image. Many businesses view CETA with caution. They often don't know about CETA programs; they worry about red tape; they may be skeptical about the quality of CETA trainees; they may not think that CETA is responsive to their concerns. CETA can work to overcome this bias by working closely with pro-business economic development agencies.

The Cincinnati PIC contracted a majority of its programs to the Private Industrial Council of Greater Cincinnati (a private non-profit corporation affiliated with the Chamber of Commerce). This has made CETA acceptable to several businesses which would otherwise be unenthusiastic about working with it.

Increased Attention to Job Issues

CETA's involvement in economic development can increase the amount of attention that decision-makers give to job issues. It gives CETA a bigger place on the local government's agenda.

E. Types of Coordination

CETA can be linked to economic development through three activities: information sharing, joint incentive packaging, and hiring agreements.

Information Sharing

Information sharing is the least demanding linkage. Agencies simply share useful information. This doesn't require a great commitment of resources, but it is a necessary first step as it leads to other linkages.

What kinds of information can agencies share? 1) Documents: annual reports, labor market studies, economic development plans, program summaries, 2) "Leads": economic development staff are usually the first to know when a firm wants to expand its workforce. They can tell CETA staff about possible training opportunities. By the same token, CETA staff can tell economic development staff about firms which are interested in development assistance.

One way to promote information sharing is to encourage shared membership on committees or advisory boards. Economic development professionals can be invited to serve on the PIC or PIC Advisory Council. CETA staff can seek membership on Overall Economic Development Plan committees, or on economic development advisory boards.

A second way to promote information sharing is to organize regular meetings with economic development staff. This creates a regular, on-going, institutional tie between CETA and economic development.

In Milwaukee, Economic Development staff, CETA staff and representatives from technical colleges and the Metropolitan Milwaukee Association of Commerce meet every two weeks to talk about what they are doing and how their agencies might cooperate better. Buffalo promotes information sharing through meetings of senior managers: representatives of state and local development agencies, the PIC, the local transportation authority, the labor management committee, and, the Chamber of Commerce have met to exchange information and formulate policy. Such meetings and the resulting informal contacts have allowed the PIC to learn of potential job openings in development projects.

A third way to promote day-to-day information sharing is to station CETA or PIC staff in other institutions. The New York

PIC has placed employment and training staffers at the City's Economic Capital Corporation and Public Development Corporation. They provide an important service to these agencies by making applications stronger and by improving the quality of job projections. At the same time they are able to educate economic development professionals about employment and training programs.

Joint Incentive Packaging

A more complex form of linkage is joint incentive packaging. This occurs when CETA and economic development agencies package their services together. Staff offer labor incentives (classroom training, OJT, WIN, TJTC subsidies) to firms along with traditional development incentives (loans, interest subsidies, tax abatements, land write downs).

One way to package programs together is to put CETA staff in economic development offices to act as brokers. Before a development deal goes through, the broker can inform firms about employment and training programs and press for job commitments. Once a deal is made, the broker can guide employers to the appropriate CETA subcontractor. In New York, an employment and training representative accompanies UDAG and Revolving Loan Fund (RLF) project managers on their initial visits to firms. Capital incentives and labor incentives are discussed simultaneously. The economic development staffer explains the mechanics of UDAG and RLF programs. The employment and training staffer develops a job projection for the application and describes PIC training programs and PIC wage subsidies.

The Chicago Office of Employment and Training has loaned four "CETA brokers" to the City's Economic Development Commission to identify OJT prospects and steer firms with employment and training needs through the City's employment and training bureaucracy.

Joint public relations campaigns can also be used to package CETA with economic development. The Fall River PIC underwrote a substantial portion of a two-day conference which provided Massachusetts businesses and industries with information on the area's labor force, natural resources, utilities, educational facilities, and economic development programs.

Hiring Agreements

Hiring agreements encourage firms to target jobs to CETA eligibles in exchange for economic development assistance. This requires a considerable commitment of economic development and employment and training resources. Economic development and CETA staff negotiate agreements with firms. CETA supplies the workers. Economic development staff monitor the results.

There are three types of hiring agreements: 1) good faith agreements, 2) non-binding agreements, and 3) legally binding agreements. A good faith agreement requires firms which receive economic development assistance to make a good faith effort to cooperate with employment and training agencies. It contains no specifics. In other words, the firm must be willing to discuss training possibilities with CETA--it must negotiate--but it doesn't have to agree to target a fixed percentage of jobs to CETA-eligibles.

In Syracuse, firms which request economic development assistance must write a letter to the City Office of Economic Development stating that they will make a "best faith" effort to cooperate with the City's CETA program. The letter is given to CETA when financial negotiations are finished. CETA then contacts the firm and provides assistance if it is needed.

In Portland, Maine, a City Council resolution requires City-assisted firms to cooperate "to the degree that such cooperation is practicable, in the City's efforts to provide employment opportunities for unemployed residents." Employment and training representatives are brought into negotiations with employers being seriously considered for City assistance.

Non-binding agreements require firms to make specific commitments to hire CETA eligibles, but do not carry legal sanctions. Put another way, firms which receive economic development assistance are strongly encouraged--but not compelled-- to target jobs to the disadvantaged. Employment and training staffers in New York are regularly brought into the negotiations between the Economic Capital Corporation and interested businesses. When the details of a financial assistance package are being worked out, employment and training staff explain PIC training progams and encourage firms to sign employment plans (statements about the use of low-skilled workers and the use of CETA as a referral source) or first source agreements (in which the firm agrees to turn first to CETA, the PIC, or other employment and training agencies to fill jobs outlined in its economic development application). Job targeting is not mandatory, but staff point out that an employment plan or first source agreement will help a proposal gain favor with the City hierarchy and with the U.S. Department of Housing and Urban Development or the U.S. Economic Development Administration.

Legally binding agreements make job targeting an explicit condition of economic development assistance. Employers agree to look to CETA as a first source for workers in exchange for development aid. Portland, Oregon has had success with this approach. The City has a policy that private firms which receive assistance must "repay" the City by hiring unemployed city residents. To insure this, any firm receiving economic development assistance must sign an agreement giving the City CETA agency the first opportunity to fill certain job slots for a period which usually lasts five years. If CETA fails to refer qualified candidates, the employer may look elsewhere. In April 1978, Portland signed a first source agreement with Wacker Siltronics, a German electronics firm. The City agreed to train Wacker's entire blue-collar workforce if Wacker would hire training graduates. Then it designed an 18-month, $5 million training program to meet the firms needs. Five hundred economically disadvantaged Portland residents were trained and hired at wages averaging $6.50 per hour.

Conclusion

Whether coordinated implementation of comprehensive economic development strategies brings us closer to a reduction in unemployment, increased business opportunities for small or minority entrepreneurs or any number of objectives of such programs are questions to be answered through further research. Several studies, currently in progress and, thus, not part of the annotations which follow, address these issues. They include:

Alschuler, John, et al. *EDA/ETA Urban Employment Leveraging Strategies*. Stratford, Conn.: Stratford Policy Center, 1981.

Fischer, Joseph and Erdman, Roben. *CETA and Economic Development Program Coordination: A Guide for Local Officials and Administrators*. Washington, D.C.: National Council for Urban Economic Development, 1981.

Hanton, Douglas and Waldhorn, Steven. *Negotiated Investment Strategies*. Menlo Park, California: SIR, Inc-, 1981.

McClimon, Thomas, et al. *Employment Initiatives: Case Studies on Linkages Between Economic Development and Employment Opportunities*. Washington, D.C.: United States Conference of Mayors Employment Policy Development Program, 1981.

Annotations:
Community Development

National Council for Urban Economic Development. Community, Economic and Manpower Development Linkages. Section I: Summary and Analysis. Section II: Case Studies. Washington, D.C.: U.S. Department of Housing and Urban Development Office of Policy Development and Research, 1976.

I. Report Topics

To describe and analyze community, manpower and economic development linkages in the public sector between the following federal programs: Community Development Block Grants (CDBG); programs of the Comprehensive Employment and Training Act (CETA); and Economic Development Administration (EDA) assistance; and, to describe and analyze cooperation between public and private sectors for development.

II. Scope and Method

A two-part approach was taken in this study. Part One consisted of an overall survey of linkages between the federally-funded programs in 90 cities with populations of 150,000 or more. This was accomplished through a review of CETA and CDBG applications and EDA files on categorical urban project grants. The results was an analysis of linked public development activities and a series of city-based data from which case study sites were selected.

Part Two consisted of 2 to 3 day site visitations to 16 cities resulting in case study analyses of development linkages in Albuquerque, New Mexico; Buffalo, N.Y.; Cleveland, Ohio; Dayton, Ohio; Fort Worth, Texas; Hartford, Conn.; Kansas City, Mo.; Long Beach, Ca.; Louisville, Ky.; Milwaukee, Wis.; Minneapolis, Minn.; New Orleans, La.; Norfolk, Va.; Philadelphia, Pa.; Portland, Oregon; and San Diego, Ca.

III. Findings

A. From the Overall Linkage Survey

The following issues are relevant to linking CDBG, CETA and EDA assistance for a coordinated economic development program.

CDBG provides a more flexible alternative to categorical grants for community development. CDBG funds can provide materials and supplies to CETA workers and may be used as the local match for eligible EDA assistance programs such as public works planning and technical assistance.

CETA is client-oriented rather than development-oriented, but regulations do not prohibit involvement in economic development. CETA consortia, however, have a multi-jurisdictional focus which makes linkage to single jurisdiction economic development programs difficult.

Limited EDA funds tend to restrict its role in the local development process to providing planning assistance.

B. From the Case Study Analyses

(1) Certain aspects of CDBG, CETA and EDA assistance have encouraged local attention toward coordination of development efforts.

CDBG has resulted in movement of administrative responsibility for HUD programs from individual agencies to the chief elected official's office or other city department.

CETA involvement in economic development has taken a programmatic focus through customized training programs, utilizing on-the-job training as an incentive for industrial re-location, conducting labor demand studies, operating skill training centers and utilizing public service employees for development-oriented work.

Three institutional arrangements for EDA assistance are common. (a) Economic Development Corporations (EDCs) offer flexibility in forging private sector linkages, absence of certain legal constraints, short-term decision-making capability and insulation from local political concerns. (b) Advisory Committees are useful in implementing or accelerating economic development programs. (c) Local public authorities for economic development are found in those cities with a long tradition of public involvement in economic development.

(2) Four major types of coordination for economic development have been implemented.

(a) Institutional coordination occurs when two programs are administered by one organization or when a firmly established link exists between two or more development institutions. Examples: In the public sector a number of cities reorganized all agencies involved in economic and community development and manpower into one development agency. In the public/private sector coordination may be facilitated through establishment of mayoral advisory committees with equitable public/private representation.

(b) Program coordination occurs when two development programs are planned or implemented jointly. Examples: In the public sector a community development cabinet with authority over planning for housing, economic development, manpower and CDBGs which reports directly to the chief elected official may be established. In the private/public sector coordinated planning of overall redevelopment of a downtown area or primary central business district are common program coordination mechanisms.

(c) Funding coordination occurs when funds representing separate budgets are combined to fund development projects. A common example of this strategy is leveraging whereby federal resources are used to stimulate private funding for development.

(d) Functional coordination occurs when funds from one development budget are used for purposes associated with another development program. The use of CDBG funds for economic development is a common example of this.

(3) Specific issues which enhance or inhibit coordinated local development in the public sector were identified.

(a) The most frequent linkage was the use of CDBG funds for economic development purposes. However, this linkage was often discouraged by legal constraints as the absence of direct city authority in renewal decisions as leasing land to private developers.

(b) Federal regulations often inhibit coordinated activity. CDBG linkage options are restricted by a three day draw down rule for funds which creates cash flow problems and inhibits the use of CDBG money for revolving loans. One-year appropriations and planning schedules for most federal programs limits use of funds to short-term projects.

CETA is constrained by wage limitations, which, in one case, prevented the use of CETA laborers in high wage construction jobs made available through an economic development project.

Specific impact area qualifications for EDA assistance restrict funding to redevelopment areas within cities.

In summary, lack of federal clarity of purpose in legislation and regulation impedes community development coordination.

(4) Specific issues which enhance or inhibit private/public coordinated local development were identified.

(a) Coordination is enhanced by renewed political commitment to development through increased funding and the establishment of mechanisms for joint planning and implementation of development programs.

(b) Coordination is inhibited by short-term funding commitments, and lack of understanding of potential benefits to the private sector through public development activity.

(5) The case studies provide a useful profile of each city covering the following topics.

Background information offers a summary of the economic situation and political/administrative structure in each site.

The structure of public and private development institutions is discussed.

Public program emphasis describes the focus of each city's community, manpower and economic development programs.

Coordination of development institutions and programs is detailed for the public and public/private sectors.

IV. Available From

HUD Publications Service Center
451 7th Street, S.W. Room B258
Washington, D.C. 20410

Reference Numbers: HUD-PDR-188-1 - Summary and Analysis
HUD-PDR-188-1 - Case Studies

Roberts, Benson F., Zdenek, Robert O. and Bivens, William E. Community Development Corporations and State Development Policy: Potential for Partnership. Washington, D.C.: National Congress for Community Economic Development, 1980.

I. Report Topics

To describe and analyze state development policy as it relates to Community Development Corporations (CDCs) including an assessment of traditional approaches and administrative, operational and political barriers to linkage. Successful state/CDC programs in Massachusetts, Wisconsin, Minnesota, California and Florida are highlighted.

II. Scope and Method

A three-part approach is taken in this study. Step one consisted of a literature search and analysis of materials relevant to state/CDC linkage. Step two consisted of requests for information from CDCs and state development program administrators to assess the extent of interrelationships, level of mutual understanding and potential for joint effort.

Finally, CDC case studies and project profiles are presented. The purpose of the case studies was to present CDCs as interrelated institutions. The project profiles round out the range of activities CDCs undertake. Case studies include: Impact Seven Inc. from Turtle Lake, Wisconsin; Southwest Virginia Community Development Fund from Roanoke, Virginia; and Operation Life Community Development Corporation, Las Vegas, Nevada. Profiles include Cambridge Community Economic Development Corporation from Cambridge, Massachusetts; Bedford Stuyvesant Restoration Corporation from Brooklyn, New York; and Coastal Enterprises Inc. Bath, Maine.

III. Findings

Emerging state economic development policy related to CDCs.

1. Traditional economic development approaches rely heavily on tax incentives, cheap debt capital and extensive promotion incentives to attract large firms from outside the state. Increasing understanding of development has led state policy to turn its attention more towards the needs and resources of the diverse communities that make each state unique. This shift in development policy has focused state assistance efforts on communities with the greatest needs and addresses local development problems in a comprehensive

and coordinated way. Some of the outcomes of this type of policy include: (a) more involvement of local communities in setting state policies; priorities; (b) increased coordination among state agencies and linkage at the local level between business assistance, employment training, housing and other elements of an economic development strategy.

2. The nature of local development needs underlies the importance of targeted and coordinated program implementation. States need local institutions that are accountable to low income communities and have the ability to formulate and execute development strategies that are comprehensive and flexible. The CDC is an important model for such an institution.

Advantages of CDCs and local development efforts and their ability to facilitate linkage at various levels.

Some of the characteristics of CDCs that make them compatible with emerging state development policy include the Community Development Corporation's ability to: (a) use private development techniques for public purposes; (b) take a long term approach to development; (c) link planning to implementation; (d) link complementary projects within a comprehensive strategy; (e) understand and work with the processes of both the public and private sector; (f) reinvest resources in the community; and (g) transfer capacity among program activities.

Examples of state utilization of CDCs in development strategy.

Many states have begun to utilize CDCs more in development strategies. The following states have started their own CDC program in particular local development areas they include: Massachusetts, which has provided the most comprehensive support including help in organizational development, project planning and management, as well as employment development grants and direct equity investments through a unique community development finance corporation. Minnesota operates a small but flexible program providing CDCs with grants for planning and venture investment. Wisconsin plans to develop CDC programs to complement current state use of CDCs in employment development, job creation and physical development efforts. Florida recently started a new CDC program which will provide administrative grants and interest free venture loans. California, while having no specific CDC program, coordinates its work with CDCs with several programs that address the development needs of local communities.

Limitations of state/CDC relations.

1. While the potential for state/CDC joint cooperation and economic development is exciting examples of this team effort are minor compared to the potential that exists. Some of the reasons cited for this inability to maximize that relationship include: (a) states lack of understanding of what CDCs are or how to utilize them. States need more information and training to overcome this problem. While CDCs have not organized as an interest group in most states, CDC coalitions in Wisconsin and Massachusetts have been effective in educating state officials about CDCs. This has provided an effective means of closing the information gap that exists in so many states between state officials and CDC organizers.

2. The lack of CDCs both in volume and level of sophistication sufficient for state utilization has been a nagging problem. There is potential, however, to turn existing community-based organizations with established track records into community development corporations that will enhance the ability of state community development efforts.

3. States complain that they lack the proper resources to assist CDCs by securing new appropriations from the state legislatures. States, however, have an ability through existing programs to help CDCs by providing venture packaging assistance, data and information, planning resources and management training, and a number of federal programs that states administer.

The future of state/CDC relations.

1. States can capitalize on the "leveraging" potential of CDCs to attract additional money for economic development from local or federal government or from the private sector. CDCs can expedite this process by engaging in more organized communication with state agency staff, executive policy-makers, and legislators. Improved relations will ultimately enhance the potential for state/CDC local economic development efforts.

2. The federal government can assist state CDC relationships by (a) building capacity and providing policy direction and (b) program support. State CDC partnerships would only serve to reinforce such federal objectives as: (a) efficient targeting of resources; (b) intergovernmental cooperation; (c) encouragement of local initiative; (d) establishment of linkages among activities at the local level and (e) attraction of private investment; and (f) job creation to reduce dependence on transfer of payments.

IV. Available From

National Congress for Community Economic Development
1823 L Street, N.W. Suite 401
Washington, D. C. 20036
(202) 659-8411

Malone, Lawrence P., et al. Community Economic Development Demonstration Program: A Descriptive Report and Issue Papers. Washington, D.C.: National Council for Urban Economic Development for the U.S. Department of Housing and Urban Development, 1977.

I. Report Topic

The Community Economic Development Program (CEDP) was a demonstration funded by HUD, EDA and DOL in 10 cities to facilitate the coordinated use of federal development resources through the planning and implementation of training programs for unemployed, underemployed and economically disadvantaged to meet demand; leveraging private investment; and operationalizing management and analytic capacity for multi-year economic development planning. The formal program evaluation of CEDP was completed by ABT Associates (also annotated in this bibliography). This report focuses on those conditions which impede or advance joint planning and implementation and suggests transferable approaches.

II. Scope and Method

Both the descriptive report and issue papers were prepared by CUED staff based on findings from CEDP site visitations. Issue papers (entitled "Local Coordination of Federal Development Resources," "Organizing a Public-Private Partnership," "Use of Data Analysis in Economic Development," and "On the Job Training") were reviewed by CEDP grantees before publication. The CEDP sites were: Albuquerque, New Mexico; Baltimore, Maryland; Bridgeport, Conn.; Buffalo, N.Y.; Chicago, Ill.; Dayton, Ohio; Kansas City, Mo.; Oakland, Calif.; Philadelphia, Pa.; and Pittsburgh, Pa.

III. Findings (are based on preliminary analysis and do not constitute final conclusions)

From the Descriptive Report

A. Demonstration cities are building long-term economic capacity on several levels:

(1) by establishing public/private cooperative mechanisms to initiate new development. Both Dayton and Oakland formed public/private Councils on economic development.

(2) by developing planning and analysis capabilities to view economic trends and propose alternatives. Albuquerque hired an economic development planning consultant; Bridgeport hired an economic planner for baseline analyses; Philadelphia proposed an occupational needs survey.

(3) by expanding staff and institution functions to include activities designed to attract new investment and retain existing tax bases. Establishment of local development corporations, hiring technical staff and development of labor/management committees were observed activities.

From the Issue Papers

B. Barriers to local coordination of federal economic development resources are:

(1) differences in legislative intent resulting in conflicting objectives for each program. HUD, CETA and EDA programs are under the jurisdiction of different congressional committees thus different perspectives on problem solving prevail. HUD's orientation is toward housing and physical development; EDA is directed toward infrastructure; CETA is geared toward education and training as opposed to filling the occupational demands of local businesses.

(2) locus of decision-making authority, regional and local office organization, methods of communication, funding cycles and duration of commitments differ for all programs. Disparate federal programs such as these usually result in entrenchment of local agencies, each with control over separate funds. These local agencies are not always allies.

Such barriers to local coordination may be overcome through one or more of the following mechanisms:

(1) overlapping membership on local federal program advisory committees;

(2) establishment of an advisory committee as a subcommittee to an existing oversight board to coordinate economic development efforts;

(3) institutional integration of management and budget functions for all federal resources and the city's capital budget;

(4) establishment of an inter-agency staff committee composed of representatives from various city agencies which administer economic development-related programs;

(5) establishment of economic development divisions in local manpower and community development agencies;

(6) subcontracting economic development related functions of other agencies to the city's economic development agency;

(7) interagency co-funding of research activities necessary for economic development planning;

(8) joint funding of programs and projects such as establishment of special development districts toward which coordinated resources may be directed.

C. An effective public/private partnership for economic development must begin with a strong commitment to cooperation from both sectors. It is often the case that public/private partnerships are formalized through development of a new organization, but the sphere of influence and purpose of such a group must be strictly defined at the outset. Provision must be made for citizen and community organization participation in such an organization.

D. Certain information is basic to economic development planning and may be collected through systematic review of existing city files, private industry studies (such as marketing surveys) or through subcontracted research. Generally the following items are essential to any planning effort: time series data on labor force and population characteristics; business and industrial trends; unit production costs and productivity levels for industry; wage and investment rates; assessment of the local business environment (regulations, taxes, inventory of resources); industry needs for land, labor, capital, services and facilities; area construction costs and local land values; real estate information (absorption rates, occupancy/vacancy rates, market costs for office space, retail and industrial space, hotels, owner-occupied and rental housing) and availability and costs of investment capital.

E. On the Job Training is a CETA-based mechanism which can be used to fulfill labor needs of private employers as well as to coordinate economic development strategies with local manpower programs: This issue paper offers a guide to using OJT as an economic development tool.

IV. Available From

National Council for Urban Economic Development
1730 K Street, N.W.
Washington, D.C. 20006
(202) 223-4735
or
ETA Region II Library
Room 3707 1515 Broadway
New York, New York 10036

Annotations:
Economic Development

Culp, Derrin, Tilney, John S., Jr., et al. An Evaluation of the Community Economic Development Program: Long-Term Evaluation and Final Report. Cambridge, Mass.: ABT Associates for the U.S. Department of Housing and Urban Development, 1980.

I. Report Topic

The Community Economic Development Program (CEDP) was a demonstration created and funded jointly by HUD, DOL and EDA to test the usefulness of three concepts in urban economic development: (1) building local staff analytical and policy-making capability; (2) involving the local private sector in public economic development activities; and (3) coordinating the use of resources from major federal economic development, community development and employment and training programs at the local level. This report presents the findings of the CEDP evaluation in terms of the three concepts listed above.

II. Scope and Method

CEDP was funded in ten cities (selected by HUD, DOL and EDA with the help of several national organizations) from September 1976 to December 1979. ABT Associates visited the ten cities twice in December 1978 and December 1979. The evaluation findings are based on the site visitations and resultant case studies. The ten CEDP cities were: Albuquerque, New Mexico; Baltimore, Md.; Bridgeport, Conn.; Buffalo, N.Y.; Chicago, Ill.; Dayton, Ohio; Kansas City, Mo.; Oakland, Calif.; Philadelphia, Pa.; and Pittsburgh, Pa.

In addition to the formal evaluation, the National Council of Urban Economic Development, the U.S. Conference of Mayors, the National League of Cities and the Conference Board collected and distributed information on progress and results of CEDP programs and produced a number of issue papers of interest to CEDP practitioners.

III. Findings

General Findings

A. CEDP resulted in the implementation of a number of strategies for urban economic development. Among these were attraction, promotion and retention of manufacturing; revitalization of downtown and neighborhood community areas and provision of training to the unemployed.

B. Such strategies were implemented through two approaches:

(1) targeting--whereby local and federal resources were directed to specific areas for specific developmental purposes;

(2) general citywide services consisting of surveying local firms, developing new financing mechanisms and creating labor management committees.

C. Expanded staff was crucial to CEDP implementation. All cities used staff or consultants to expand research and planning capacity for economic development.

D. Six cities initiated special programs to aid small or minority business development through the provision of direct low-interest loans, purchasing and procurement assistance and challenges systems to induce private investment to repair retail properties through promise of public improvements.

E. In most areas large-scale industrial area revitalization was the major CEDP component.

Economic development capacity was established through the following means.

A. In five cities visible endorsement by the chief elected official of economic development served to encourage private investors to consider investment in risk areas.

B. In one-third of the cities, CEDP resulted in a major increase in the number of professional staff assigned to economic development.

C. In a number of cities new institutions (committees, agency divisions) were created as the focal point of economic development activities.

D. Creation of public/private councils to oversee programs and advise elected officials were commonplace.

E. All cities initiated procedures to obtain advance information about firms which might need assistance with operating problems or expansion plans.

F. Eight cities established at least one local finance program. These consisted primarily of direct loans and interest subsidies to industrial firms within the central city.

Involvement of the private sector in economic development activities was encouraged through the following means.

A. CEDP served to demonstrate that private sector support and interest is crucial in creating new institutions, implementing major development projects, raising capital and operating funds, formulating new financing programs and changing investor attitudes regarding the risk of investment in certain city areas.

B. Such support and cooperation is dependent upon positive business attitudes toward city government and the strength of personal relations between business leaders and key economic development staff.

Coordination of federal funds for local economic development.

A. At the start of CEDP, CETA and CDBG were new programs and EDA involvement in cities was just beginning. Linkage was, therefore, viewed as a long-term goal.

B. CEDP's role in promoting coordinated investment developed indirectly because of the expansive nature of most projects, single sources of funding were inadequate. CEDP accelerated the implementation of large projects which required combined funding and utilization of multiple federal and state resources newly available for economic development.

C. Tangible benefits in terms of job creation and leveraged investment were realized in all CEDP cities.

D. CETA, however, proved the most difficult program to integrate into economic development. Efforts to draw CETA into the economic development process began with STIP. However, strong linkage was impeded by (1) weak private sector demand for OJT subsidies; (2) failure of cities to generate economic development projects with a tangible need for training services or public service employees and (3) mutual reluctance of prime sponsors, economic development agencies and the private sector to work with each other.

E. Nevertheless CETA set-asides in which a number of OJT slots provided to private employers were reserved for CETA eligible individuals, were arranged in some cities. Bridgeport's economic development staff arranged $200,000 in OJT contracts for CETA eligibles with 12 firms. In Philadelphia twenty OJT contracts were set-aside for this group. Baltimore reserved 200 jobs in its UDAG/Hyatt Hotel Project for CETA-eligibles. Several cities also generated labor market information to enable prime sponsors to gear their training activities to local demand.

F. Five factors clearly encouraged the coordinated use of funds:

(1) institutionalized linkages between actors and agencies;

(2) active involvement of the chief elected official in economic development;

(3) prior experience in combining funds for economic development;

(4) legislative changes at the federal level which encourage resource coordination;

(5) a funded program (as CEDP) which hold coordination as a major objective.

IV. Available From

ABT Associates
55 Wheeler Street
Cambridge, Mass. 02138
(617) 492-7100

Nixon, John, Malone, Lawrence P., Hausner, Victor, et al.
Coordinated Economic Development: A Case Study Analsis.
Washington, D.C.: National Council for Urban Economic
Development for the U.S. Department of Housing and Urban
Development, 1978.

I. Report Topic

This study focuses on planning capacity components, financial and institutional mechanisms and methods of promoting private sector involvement and coordinating federal programs to implement comprehensive economic development strategies.

II. Scope and Method

The study is based on findings obtained through 22 site visitations, each three to four days in length, occurring between June and November, 1976. Case studies on coordinated economic development efforts were prepared for the following programs: the Neighborhood Preservation Program and the Department of City Development and the Menomonee Valley Redevelopment Project in Milwaukee, Wisconsin; The Mayor's Council of Manpower and Economic Advisors in Chicago, Ill.; the Portland Oregon Office of Planning and Development and the St. John's Business District Improvement Program also in Portland; The Oregon Historic District and Dayton Courthouse Square in Dayton, Ohio; The Bedford Stuyvesant Restoration Corporation in New York City; The Black Economic Union of Greater Kansas City Missouri; the Providence Business Development Organization in Providence, Rhode Island; the Albuquerque CETA Program, Albuquerque New Mexico; the State of Rhode Island CETA Program; the Philadelphia Industrial Development Corporation in Philadelphia, Pa.; the Economic Development Corporation of San Diego County, San Diego, Calif.; The Hartford Civic Center in Hartford, Conn.; The Nicolett Mall and Loring Park Redevelopment Project in Minneapolis, Minn.; the Charles Center, Inner Harbour and Carroll Industrial Park Project in Baltimore, Maryland; and the Labor Management Committee of Jamestown, N.Y. An advisory group of public and private community, manpower and economic development practitioners, local elected officials and private sector developers reviewed the design and findings of this research.

III. Findings

A. The elements of a comprehensive economic development program include: provision of land for industrial or commercial expansion; infrastructure; amenities and business environment attractive to private investors; skilled supply of labor; modern industrial, commercial and residential facilities, programs and incentives to reduce initial costs and risk and provision of investment capital at a reasonable rate.

B. From a federal programmatic perspective the following developments have encouraged coordinated development: dencentralization and decategorization of federal programs; increasing federal support for development of planning capacities and demonstration programs such as the HUD/DOL/EDA Community Economic Demonstration Program. However, several factors inhibit coordinated development: government structures prevent a quick response to private enterprise needs; adequate information does not exist for comprehensive planning; federal programs have diverse legislative histories and administrative procedures and regulations which prevent easy integration; cities have not established appropriate communication and cooperation with the private sector.

C. Coordinated economic development may be pursued through eight general strategies, illustrated by the case studies.

(1) Coordination of Public Development Institutions

An administrative capacity to implement urban economic development strategies requires a system for developing a comprehensive strategy and coordinating development activities of existing agencies. This may be accomplished through a line agency approach which combines development planning and implementation in a single department as illustrated by the Department of City Development in Milwaukee; or a staff approach as illustrated by Portland Oregon's Office of Planning and Development through which the chief executive coordinates input for all city agencies regarding options for development programs.

(2) Comprehensive Economic Development Planning

Requires planning oriented to specific policy goals and coordinated programs for intervening in the local market economy to alter private sector investment strategies. Such planning requires a broad base of knowledge. In the Milwaukee Menomonee Valley Redevelopment Project essential planning information was provided through a staff team consisting of a geologist, urban geographer, transportation systems analyst, environmental scientist, and two cartographers, all funded by CETA, which developed a plan for long-term industrial and commercial development.

(3) Coordination of Community and Economic Development

May be facilitated through CDBG funds. In Dayton, CDBG funds have supported a residential/commercial loan program financed in conjunction with a local bank, and administered through the City Wide Development Corporation. Baltimore used CDBG funds in combination with EDA, state and local money to support two industrial rehabilitation projects.

(4) Examples of Neighborhood Economic Development include the Providence Business Organization, a coalition composed of merchants, residents, private bankers, investors and the city, which is supporting the revitalization of two neighborhoods; and the Bedford Stuyvesant Restoration Corporation which coordinated the construction of a $7.5 million commercial-retail and recreation center in Brooklyn. Two banks handled the construction loan which was guaranteed by the Ford Foundation. Federal resources are inadequate for administrative support of community development organizations and long-term, low-cost capital to support neighborhood projects.

(5) Coordination of manpower and economic development programs is inhibited by the conflicting orientation of CETA and EDA. Specifically, linkage with CETA is impeded because assistance cannot be used to relocate businesses or lower wage industries; wage subsidies for private sector employment are prohibited; job upgrading and retraining are restricted; annual planning requirements and annual funding inhibit CETA's flexibility; and the private sector tends to view CETA programs as bound in red tape and incapable of producing workers suitable for private sector employment. However, in some areas linkages have been facilitated. In Albuquerque the CETA office works with the local NAB to design training programs for industries being attracted to the city through NAB's marketing program. In the state of Rhode Island the manpower office is a division of the economic development agency; thus, the CETA program is specifically designed to meet private sector needs by proving short-term training exclusively for specific jobs.

(6) There is a growing trend toward creation of public/private institutions for joint development policy planning and program implementation. Philadelphia has established a number of single purpose, quasi-public development corporations to implement various economic development projects. Among these is the Philadelphia Industrial Development Corporation, which engages in a wide range of economic development activities for the city such as administration of public/private development projects, a city-wide banking program and financing of two state programs for commercial and industrial development. Generally in older urban economies such joint institutions have contributed slowing economic decline. In growth economies such groups have assisted in strengthening and diversifying the economic base.

(7) Successful coordination of public/private development efforts depends upon a chief municipal officer committed to a project and strong support from the local business community. The public sector may function in such projects to help amass usuable land through eminent domain powers or to speed up permit procedures to avoid construction delays. The private sector may provide needed planning expertise and enter into cost-sharing arrangements with the city. The Hartford Civic Center and Nicolett Mall are examples of successful public/private development projects.

(8) Local governments may help leverage public assistance for development financing which will provide front-end investment capital, improve cash flow for projects through low interest loans and tax breaks and reduce risks through loan guarantees and technical assistance. In Milwaukee's Neighborhood Preservation program the city leveraged bank loans to homeowners and business as part of an overall revitalization program integrating small business financing, commercial strip revitalization and housing rehabilitation.

IV. Available From

National Council for Urban Economic Development
1730 K Street, N.W.
Washington, D.C. 20006
(202) 223-4735

The White House Conference on Balanced National Growth and Economic Development. Final Report: Volume I: Summary of Conference Proceedings and Volume II: Workshop Reports Washington, D. C.: United State Government Printing Office, 1978.

Discussion Paper: The Development of a Subnational Economic Development Policy. Washington, D.C.: U.S. Department of Commerce Economic Development Administration, 1977.

I. Report Topic

The White House Conference on Balance National Growth and Economic Development was convened for the purpose of making recommendations to the President, the Congress and public on the content and procedure for effective implementation of a comprehensive policy for national economic growth and development. The discussion paper addresses subnational economic growth and development emphasizing the role of the programs administered by the Economic Development Administration in policy formulation and implementation.

II. Scope and Method

The papers from the Conference present highlights of addresses from various Conference speakers and summaries of the activities of 24 workshops. The discussion paper is based on an analysis of secondary data sources.

III. Findings

A. Recommendations from the Conference proceedings and reports.

(1) Recommendations on growth and development issues centered on the achievement of full employment as a national goal through emphasis on the private sector as the primary source of jobs. Employment programs directed toward private sector job creation, job development in areas where structurally unemployed persons live and training of the structurally unemployed were recommended. A national energy policy was viewed as an essential component of balanced economic growth and job development.

(2) Recommendations for improving the federal system centered about federal recognition of diversity among state and localities which should encourage policy

emphasis on goal definition rather than strict prescription of steps for goal achievement. Decentralization, maximization of states' roles in policy administration, improvement in state and local government operations and structure, creation of multistate regional arrangements for economic development planning and development of an effective private-public partnership with federal, state and local governments were recommended.

(3) Recommendations for a National Growth and Development Policy Process centered about the encouragement of a long-term planning capacity in the federal government through growth meetings and forums, establishment of a federal growth policy unit and establishment of a Congressional organization for growth policy.

B. Issues addressed in the discussion paper.

The EDA discussion paper presented the development of a subnational economic development policy as an essential component of the national growth and development policy process proposed in the Conference papers. The rationale behind this view is that macroeconomic policy cannot effectively combat area-specific problems which inhibit growth such as structural unemployment, poverty and underutilization of production facilities. The problems are the result of differential rates of population and capital mobility which cannot be adquately addressed by broad approaches. The causes of subnational economic distress must be identified within each local jurisdiction, and an appropriate policy response be tailored to the needs of the jurisdiction through the following steps:

(1) building an institutional capacity for area analysis, planning and implementing an economic development program;

(2) identifying local infrastructural needs and securing financial support for infrastructure development through a federal investment program or combination of programs;

(3) securing capital investment assistance; and

(4) coordinating federal programs targeted toward job creation and economic development at the local level.

The paper presents a discussion of the relationship of EDA programs to those administered by HUD, SBA, CSA, CETA, BIA and the USDA in the following areas of importance to subnational economic policy formation: establishment of an institutional framework for planning, and development of physical, financial and human resources for economic development.

IV. Available From

Conference documents
United States Government Printing Office
Superintendent of Documents
Washington, D.C. 20402
Document Number: 0266-975

Discussion paper
U.S. Department of Commerce
Economic Development Administration
Main Commerce Bldg.
14 Constitution Ave., N.W.
Washington, D. C. 20230

Annotations:
Employment and Training

Bailis, Lawrence Neil, et. al. Assistance to CETA Prime Sponsors in Planning and Implementing Economic Development Activities Final Report and companion publication, A Model of Opportunities and Strategies in Economic Development for CETA Prime Sponsors. Cambridge, Mass.: Urban Systems Research and Engineering, Inc. for the U.S. Department of Labor Employment and Training Administration, Region III, 1978.

I. Report Topic

This research was undertaken to complete four tasks: (1) to develop a model for planning and implementing economic development strategies for CETA prime sponsors; (2) to survey (via mail and telephone) CETA prime sponsors in Region III to determine the extent of prime sponsor involvement in economic development activities; (3) to conduct a training session for CETA prime sponsors in Region III on planning and implementing CETA and Economic Development programs; (4) and to provide technical assistance to prime sponsors interested in engaging in economic development activities. The final report includes the research methodology, case studies and the training session curriculum. The companion publication functions as a guide to implementing economic development activities for CETA prime sponsors.

II. Scope and Method

The final report and companion publication are the result of primary and secondary data analyses. Analysis of prior studies on economic development and employment and training program linkages was completed. A mail and follow-up telephone survey of CETA prime sponsors in Region III provided information on economic development activities undertaken by prime sponsors in the field. These efforts were supplemented by case studies of seven projects where CETA and coordination of economic development had occurred: the Southern Alleghenies Planning and Development Commission and the Southern Allegheny Consortium in Pennsylvania; Vermont Balance of State and Northeast Transit Inc. program; The City of Buffalo Manpower Department, Erie County Manpower Consortium and Moog Corporation program; the San Diego Regional Employment and Training Consortium OJT program; Massachusetts Balance of State and Mantachusetts Opportunities Council Program; City of Buffalo Manpower Department and Mayor's Office of Community and Economic Development Program and Boston City CETA and Advanced Electronics, Inc. OJT program.

III. Findings

A. Prime Sponsors are aware of the importance of economic development to CETA programs but do not understand the steps necessary to link employment and training and economic development efforts.

B. Certain tasks are basic for a prime sponsor to planning and implementing an economic development strategy (as detailed in the companion publication):

(1) assessment of the climate for economic development by collecting data on economic and political conditions and determining program goals;

(2) determination of those agencies which are accessible to CETA for coordinated program planning and implementation;

(3) identification of barriers to coordination and strategies for overcoming same;

(4) cultivation of community support for the economic development initiative;

(5) development of a set of milestones to mark the achievement of program goals.

C. Employment and training programs may be used for economic development purposes as the following examples from the case study analyses suggest:

(1) to provide economic and demographic data on an area necessary for effective economic development planning through the use of CETA personnel to conduct labor demand studies or to provide PSE slots to development organizations for economic researchers and analysts;

(2) to provide financial assistance to firms by negotiating OJT contracts, or assisting in small business start-ups by providing PSE funds to train and employ persons for fledging non-profit enterprises;

(3) to develop public facilities and supportive services by using CETA labor for housing and commercial rehabilitation and/or using EDA public works funds to build skill training centers;

(4) to develop a labor force capable of meeting labor demand through customized training for new industries or to market manpower training services as part of an overall industry attraction program.

D. The following barriers are the most significant to coordinating economic development and employment and training efforts. Such barriers may be overcome through institutional, planning or funding coordination implemented at federal, state or local levels.

(1) CETA regulations limit 85% of PSE money to wages and salaries which prohibits the funding of enterprises requiring expensive tools or large capital expenditures.

(2) The PSE annual wage limitation of $10,000 does not serve to attract researchers or analysts with skills an economic development agency would find useful.

(3) CETA involvement in economic development removes direct emphasis on helping economically disadvantaged target populations which may prove politically unpalatable.

(4) Investment of CETA funds for economic development purposes may result in negative impact on performance indicators which may jeopardize CETA fundings.

(5) Income generated through CETA funding cannot be reinvested for small business start-up or expansion.

(6) CETA can only commit funding for one-year; many economic development projects require longer funding periods to be successful.

(7) CETA PSE projects cannot be "for profit" enterprises.

(8) Organizations may not wish to relinguish autonomy which linkage will require to a degree.

(9) Jurisdictional boundaries often differ for CETA and economic development agencies which impede linkage.

The report does not provide an exhaustive accounting of linkage barriers and strategies for overcoming them. The intent is to make prime sponsors aware of the fact that a variety of options exist for implementing a CETA/economic development program, but no universally successful strategy can be prescribed. Each barrier to coordinating employment and training and economic development programs is best viewed as a reason to pursue linkage development. The general guidelines and examples offered in the report and companion piece, applied after careful analysis of the economic, political and social environment will yield the most productive linkages.

IV. Available From

Mr. John LaPorta
Urban Systems Research and Engineering, Inc.
1218 Massachusetts Avenue
Cambridge, Mass. 02138
(617) 661-1550

Crawford, Everett and Jusenius, Carol. "Economic Development Policies to Reduce Structural Unemployment". Part of the *National Commission for Employment Policy Sixth Annual Report*. Washington, D.C.: National Commission for Employment Policy, forthcoming 1981.

I. Report Topic

This report provides an analysis of the causes of structural unemployment, past and current policies enacted in response to this problem, an evaluation of the effectiveness of these policies and problems and prospects for linking economic development and employment and training programs.

II. Scope and Method

The National Commission for Employment Policy determined at its December 1979 meeting that economic development efforts to reduce structural unemployment would be a major agenda item in 1980. In response to this determination the Commission staff conducted an extensive literature review and consultation with agency staffs and public interest groups concerned with this issue. An advisory panel of economists was established to assist the Commission in conducting its research. NCEP held a conference on economic development and employment in October 1980 at which a series of papers was presented. A number of the Conference papers are highlighted in this report; all are listed in the Related Readings section of this bibliography.

III. Findings

A. Structural unemployment is geographically concentrated due to temporary area economic shocks, the existence of barriers to migration, concentration of low-skill workers who perceive little employment advantage to be gained by relocation and/or the presence of amenities which discourage outmigration despite a high rate of unemployment. In response to such conditions two alternative policies seem logical: to encourage people to move to where jobs may be found or to stimulate job creation where the unemployed reside. Given that most structurally unemployed persons are relatively immobile (save youth) a coordinated policy which combines investment assistance for infrastructure and business opportunity development and training programs to give the unemployed marketable skills appears to hold the greatest potential for solving this problem.

B. Targeting federal economic development and employment and training resources to areas where structural employment is high is an appropriate response where institutional barriers to employment and a concentration of low-skilled immobile unemployed persons are found. Unemployment resulting from temporary economic shock is best served through unemployment compensation or public service employment. Where unemployed individuals are concentrated and remain due to area amenities a targeted effort might serve merely to make the area more attractive, spur in-migration and increase, rather than reduce, unemployment.

C. Five major federal programs deal with economic development: Economic Development Administration public works, business assistance, technical assistance and adjustment assistance; HUD, CDBG and UDAG; USDA, Farmers Home Administration business and industrial loans; and CSA's CDC program. CETA is the primary provider of employment and training services. Options for directing development assistance from these programs to maximize employment opportunities include: (1) targeting programs on industries using low-skilled labor intensively; (2) requiring that some proportion of a firm's newly hired workers be structurally unemployed; (3) encouraging growth of neighborhood groups that serve the structurally unemployed; and (4) making programs for the structurally unemployed an integral part of development assistance. The latter is the option followed by Employment Initiatives and requires the development of linkages between the above-named programs.

D. A number of recent policies/programs have been directed toward the development of linkages and include: the Rural Development Policy Act of 1980 which empowers the Secretary of Agriculture to establish and coordinate a national rural development strategy; Employment Initiatives; the Community Economic Development Demonstration Program; the Negotiated Investment Strategy demonstration; North Carolina Rural Employment Laboratory; and the City of Portland, Oregon's first-source agreements. These programs have identified three major barriers to linkage: (1) responsibility for economic development programs is diffused at all levels of government; programs have different funding channels and employ different funding cycles; (2) CETA programs appear to be the most difficult to incorporate into a coordinated development effort at the local level due to strict regulatory requirements designed to prevent abuse; (3) the lack of capacity at all levels of government to plan, implement and administer coordinated development and training programs is a most severe impediment to linkage.

In those areas where linkages have been most successful a comprehensive professional capacity and full support and involvement of the chief elected official were key ingredients.

IV. Available From

National Commission on Employment Policy
Suite 300
1522 K Street, N.W.
Washington, D.C. 20005

Lora Von Baron, Publications (202) 724-1545 or (202) 724-1556

Scales, John Kent. Linking Economic Development and CETA Programs: A View from the Field. Paper submitted to the National Commission for Employment Policy, 1980.

I. Research Topic

To identify issues pertinent to the development of linkages in the implementation of federally-funded economic development and employment and training programs from the perspectives of local, regional and national practitioners.

II. Scope and Method

A two-stage approach was taken in this research. The first stage consisted of identifying linkage issues from the national perspective through interviews with Congressional committee staff, agency officials, interest groups, etc. The second stage consisted of identification of linkage issues in the field through a visit to Dayton, Ohio.

III. Findings

A. Several factors impede linkage from the federal and local perspectives.

1. The Employment Initiatives Program (EIP), which is designed to organize and facilitate linkages between economic development and employment and training programs, is largely viewed as a technical assistance effort by national and regional office personnel.

2. Jobs designated for targeting to economically disadvantaged persons under EIP do not include those resulting from U.S. government defense or energy projects. Absence of linkage to these programs prevents possible targeting of a large number of jobs.

3. The rationale for linking economic development and employment and training programs is that they both fall under the jurisdiction of local chief elected officials. However, among these officials CETA is not viewed as a locally-controlled program, as is economic development (ED). This attitude makes locally-initiated linkage very difficult.

4. CETA's emphasis on serving the disadvantaged and long term unemployed does not allow it to access the skilled labor force needed to attract a large industry as part of an economic development plan.

5. Linkage is impeded by different funding and planning cycles between programs, funding uncertainty and changing regulations.

B. In Dayton, CETA/ED linkages are facilitated through community leadership and long-standing private/public sector cooperation. Major linkage strategies employed are:

1. Maintenance of institutional and organizational structure conducive to linkage. The City-wide Development Corporation trustees and officers include representatives from CETA, ED, CBOs and the private sector as does the Mayor's Council on Economic Development.

2. CETA funds are used for a variety of purposes relevant to ED: labor demand and business retention studies; PSE positions for economic development purposes; OJT programs for private sector training; YCCIP slots for housing rehabilitation services.

3. Employment goals are established in economic development applications and policy statements.

C. Areas for future consideration include:

1. a survey of CETA prime sponsors and ED agencies to identify problems in laws and regulations which impede linkage.

2. review of CETA/ED program administration to ensure sufficient assistance is provided to locals for program implementation.

3. establishment of a joint legislative-executive Task Force on linkages.

4. examination of CETA operations to ensure adequate time is devoted by staff to planning and other functions potentially relevant to ED monitoring and oversight functions.

IV. Available From

National Commission on Employment Policy
Suite 300 1522 K Street, N.W.
Washington, D.C. 20005

Attn: Lora Von Baron, Publications
(202) 724-1545 or (202) 724-1556

Mershon Center, Ohio State University. A Formative Evaluation of the Private Sector Initiative Program. Report No. 5 Columbus: Ohio State University for the United States Department of Labor, 1981.

I. Report Topic

This report describes and analyzes the differing patterns of development in twenty-five Private Sector Initiative Programs (PSIP) as of the end of October, 1980.

II. Scope and Method

Researchers engage in continuing field work in 25 prime sponsorships throughout the United States. Interviews take place with PSIP and prime sponsor staff, Private Industry Council (PIC) and advisory council members, training agents, interest groups, employers, etc., to follow the emergence of the program through repeated visits at intervals ranging between three and six months. Occasional interviews are also conducted with representatives of national governmental and private organizations in Washington, D.C. The project is not a statistical study but relies on the judgements of researchers and local actors those researchers interview.

III. Findings

Findings of the study relate to a broad variety of issues including PIC activity and development, PSIP programs and Employment Generating Services, and PSIP programmatic outcomes. This annotation will focus on the study's findings pertinent to Employment Generating Services (EGS) and Community Economic Development.

A. Attitudes and current operational status of EGS.

(1) Up to 30% of the CETA Title VII allocation may be spent on EGS (activities that do not directly enroll participants but rather are intended to create or expand employment appointments). EGS is the most unusual feature of PSIP compared to other CETA titles.

(2) There are three main, plus a miscellaneous "other" category, areas in which PIC's and their staffs have concentrated EGS resources: marketing, labor market information, community economic development, and other (which includes surveys of employer attitudes toward CETA, research on how to market, participant outreach, staff salaries, participant follow-up studies,

technical assistance to small businesses, and review of Title IIB vendor's curricula.

(3) In two-thirds of the sites, local actors' attitudes toward the use of EGS resources are fairly positive, viewing EGS as an opportunity to use funds innovatively and flexibly. In about half of these sites though, innovation is locally defined to mean primarily marketing or labor market analysis--in the other half EGS is viewed more broadly as available for a variety of activities such as developing concrete ties with economic development programs.

(4) In the remaining one-third of the sites, attitudes toward EGS are either still in the emergent, formative stage or local actors have concluded that EGS is less important than using the funds for programs that directly serve participants.

(5) Marketing continues to be the most frequent form of EGS--fifteen sites have undertaken marketing and five more will do so--followed by labor market information analysis and ties to community economic development efforts.

(6) Only in five sites has there been virtually no activity in EGS to date. On average, the twenty-five sites are planning to spend about 20% of their FY '81 PSIP grants for EGS.

(7) Marketing most often includes one or more of the following: advertising and publicity campaigns, speaking engagements, direct mailings, direct contact with employers by staff or PIC member, development of local materials and publications, and reliance on local media coverage.

(8) Local CETA programs as well as PSIP are included in marketing efforts in eleven of the twenty sites doing or planning marketing.

(9) TJTC is included in marketing undertaken in three-fourths of the sites and economic development resources are explicitly marketed in a fifth of the sites.

(10) The two general purposes for marketing so far observed are: to generate name recognition for PSIP at the local level; and to generate tangible employer participation in PSIP programs. About half of the sites doing or planning marketing pursue it in a "low key" fashion; the rest can be labelled "high emphasis."

(11) None of the sites yet claims significant marketing accomplishment.

B. Ties with Community Economic Development.

(1) Economic development is viewed by PIC's and PSIP staffs simultaneously with keen interest and serious apprehension. It is felt to be the area with greatest potential payoff in terms of new jobs and employer involvement in designing and operating programs as well as the hardest area to coordinate and one with the least assurance of short term success.

(2) Just under three-fifths of the sites have taken no real steps to link PSIP resources to economic development; the remainder are at varying degrees of concreteness in terms of implementation of ties.

(3) In more than half of the sites which are relatively active in tieing PSIP to economic development, the linkage of employment and training resources with economic development was an on-going strategy; PSIP was not the impetus for creation of the linkage.

(4) The substance of activities characterized as linking PSIP to economic development falls into three general categories: coordination of planning between PIC's and PSIP staff and governmental and nongovernmental economic development bodies; generalized marketing by PIC's and PSIP staff to increase awareness of employers of the economic advantages of the locality and the resources available for training the employer's work force; development of specific economic development packages for specific companies to attract them to accept economic development and training incentives to relocate or expand in the area.

IV. Available From

Ohio State University
Mershon Center CETA Study
Columbus, Ohio 43201
(614) 422-8398

Massachusetts State Employment and Training Council.
CETA and Local Economic Development Boston, Mass.:
Commonwealth of Massachusetts Department of Manpower
Development, 1979.

I. Report Topic

This report describes how CETA can, through a locally initiated process, aid in creating permanent jobs and in revitalizing depressed communities. The handbook describes and analyzes the following areas: the CETA law and its administration; the process of linking CETA to local economic development projects and its limitations; examples of how CETA can help encourage venture retention and venture start-up; and the effect of the new CETA legislation on local economic development activity. Information on how to secure additional funding for local economic development and technical assistance is also provided.

II. Scope and Method

A three-part approach was taken in this study. Step one consisted of an overall review of CETA legislation (1973 and 1978 authorizations). Step two consisted of a literature search and analysis of materials relevant to CETA/Economic Development activities. The final step consisted of fifteen case studies of Massachusetts projects (all Title VI) where CETA has generated one or more of the following local economic development effects: capacity building and planning, income effects, training effects, physical upgrading and resource development and venture retention and start up. The case studies include organizing a CDC, the Greater Lawrence Community Action Council; wood marketing, Franklin Community Action Corporation; building an economic data base, Greater Lowell Chamber of Commerce; expanding a food co op in Newburyport; consumer advocacy, Berkshire County Consumer Advocates; day care, Medford Community Center; jobs for elderly, Action Inc., Gloucester; furniture skill training, Montachusetts Opportunity Council; historic and economic rehabilitation, Hoosuck Community Resources Corporation; rehabilitating a golf course; clam bed conservation, Town of Essex and Quohog Management, Town of Fairhaven. Topical case studies on upgrading business districts, business information centers and energy conservation are also given.

III. Findings

A. From the overall review of CETA case studies

There are five primary ways through which CETA can aid local economic development:

(1) Capacity building and planning - assisting in the development and ongoing work of local organizations involved in economic development.

(2) Income effects - described as improving local real income.

(3) Training effects - developing and using the skilled residents.

(4) Physical upgrading and resource development.

(5) Venture retention and start up as the aiding existing local enterprise and helping the start up of new economic ventures. (Special attention is paid to this area in the booklet.)

B. CETA provides a great deal of assistance to local economic development efforts in these areas including:

(1) By administering CETA projects,organizations (especially young organizations) can build up experience, foster relationships with other agencies and establish a track record in later attempts at sponsoring more sophisticated local economic development ventures.

(2) CETA can be used to provide workers to help organize community development corporations (CDC's) or to help expand co-operatives.

(3) CETA can have direct and indirect income effects on the local economy. CETA workers can and do spend their wages in their community as a direct benefit. Indirectly CETA projects can increase local income by providing services which reduce community expenditures. (i.e. winterization projects that reduce energy usage thereby increasing personal income available to spend in the local economy).

(4) CETA can contribute to local economic development by providing training and retaining opportunities in communities where unemployment is high and where previous unavailability or inequality of opportunity has led to low acquisition of skills. (Training and employment development must be accompanied by job creation activities to ensure that new/existing akills are fully utilized.)

(5) CETA projects can be used to provide labor to adapt or rehabilitate older buildings for new uses or to bring underused primary resources into productive use.

(6) CETA's Public Service Employment (PSE) can provide general assistance in terms of information, physical upgrading and resource development in helping existing venture stay and possibly even grow which is essential to local economic development.

(7) In the non-profit area (CBO's and municipalities) CETA PSE and youth programs can be helpful in venture start up (e.g. food co-ops) which is essential to the viability to the non-private sectors of the local economy.

C. Limitations in establishing CETA/Economic Development Linkages. The problems which local economic development tries to tackle are frequently very complex and CETA has distinct limitations in dealing with these. Some of these limitations include:

(1) Since most economic development efforts focus in depressed areas in which private companies have left (or are unwilling to enter) it is difficult to develop new business either privately or community-owned which could lead to permanent unsubsidized jobs. Many of these problems can not be dealt with on the local level.

(2) CETA is a labor-intensive program and can not provide by itself the kind of capital required for economic revitalization in depressed areas.

(3) CETA brings many rules and stipulations with it although the new legislation removes many of those barriers to success in economic development projects other obstacles still remain.

(4) While CETA can not be expected to resolve underlying economic problems of depressed areas it can assist in planned economic development by creating immediately needed subsidized jobs and by using those jobs to help pave the way for more permanent jobs.

IV. Available From

Commonwealth of Massachusetts
State Employment and Training Council
Boston, MA
(617) 727-4344

Nadeau, E.G. CETA and Private Sector Job Creation.
Milwaukee, Wisconsin: University of Wisconsin-Extension,
Employment and Training Institute, 1980.

I. Report Topic

This report addresses the role that CETA can play in the successful implementation of a program for private sector job creation in conjunction with other federal economic development programs.

II. Scope and Method

Nine case studies provide the basis for the report. The search for suitable case studies was conducted through telephone interviews with researchers working in the areas of CETA and/or economic development, state office staff administering CETA governor's discretionary funds and staff of national support groups for community based organizations. Projects used in the case studies were to meet one of the following criteria: (1) projects in which community based organizations set up job creating businesses in low income areas; (2) projects in which disadvantaged persons start successful small businesses; (3) projects which include the attraction, expansion or start-up of businesses in low income areas. Case studies were concentrated in California, Massachusetts and Florida where efforts had been particularly innovative in linking CETA governor's discretionary money to economic development. The case studies are: in Florida, Florida State Association of Cooperatives; Jacksonville Community Development Corporation; Florida State Minority Ventures, Inc.; in California, Confederacion Agricola de California; ASIAN, Inc.; The East Los Angeles Community Union (TELACU); and in Massachusetts, Massachusetts Business Information Center Network; The Spanish American Union Newspaper and the Neighborhood Energy Company. Supplemental telephone interviews were conducted to gather information on projects operating outside of these three states.

III. Findings

Nine strategies for linking CETA to private sector job creation were revealed through the case studies.

Employment Development Strategies

1. Comprehensive placement and training services, combine basic skill training and intensive outreach to businesses through OJT and placement assistance.

2. Customized training, which provides workers with skills tailor makde to the needs of a particular business firm, were not utilized by any cases but can be used to attract and retain firms.

3. Targeted placement contracting occurs when a local business agrees to hire a percentage of its work force from CETA eligibles as a condition for receiving federal business assistance (as exemplified in Portland, Oregon's first source agreements). Such a contract may be effectively combined with placement and customized training services.

Business Development Strategies

4. Small business counseling entails the use of CETA governor's discretionary money and PSE slots to provide counseling and loan packaging assistance to small businesses.

5. Venture development may include variations on any of the following approaches: developing a business based on experience gained in a community service program; developing a non-profit business using earnings from a CETA program; acquiring majority ownership in a business and relocating in a low income area; establishing a business as a minority-owned venture and acquiring government set-aside contracts; starting or acquiring a business in a low income area on the basis of feasibility studies that demonstrate market potential.

6. Cooperative Development uses a cooperative as a means to provide services, support and coordination to self-employed cooperative members.

Community Development

7. Physical upgrading and resource development such as industrial park construction may occur with government funding providing capital and materials and CETA providing the labor.

8. Local capacity building may be developed through skilled public service employees or CETA staff who may implement a long term job creation/economic development planning process.

9. Support institutions such as member based organizations, non-profit technical assistance organizations and state agencies may be financed through governors discretionary money.

Generally, the choice of strategy must be determined by the cause of unemployment. The most crucial function to successful economic development is planning the overall strategy. In this regard CETA funding and labor can be very useful in building a community planning capacity. CETA cannot be singularly effective, but Title III and VII funds provide resources for implementing all of the above strategies, in part.

IV. Available From

E.G. Nadeau
Department of Development
123 W. Washington Ave.
Madison, Wisconsin 53709
(608) 266-7902

State Manpower Services Council, Massachusetts Department of Manpower Development. CETA and Neighborhood Development. Boston, Mass.: for the Governors Conference on Community Revitalization, May 1978, and companion article, CETA and Housing Rehabilitation. State Employment and Training Council, Massachusetts Department of Manpower Development with the Massachusetts Department of Labor and Industries, December, 1978.

I. Report Topic

The two articles present case studies illustrating how various organizations and agencies qualified to operate CETA programs in Massachusetts are utilizing CETA participants and funding for community housing rehabilitation, and community economic development. The intent of the articles is to increase awareness and stimulate application of CETA assistance for revitalization of low income, urban communities. The companion publication explores in a more in-depth fashion the usage of CETA assistance in housing rehabilitation, one category of neighborhood revitalization projects.

II. Scope and Method

The two articles are the result of extensive research on various CETA operated or assisted neighborhood revitalization projects throughout the state of Massachusetts. Massachusett's nine prime sponsors, subgrantees, and numerous project operators assisted in the compilation of the case studies in the two articles by voluntarily submitting project designs and details to the SETC.

III. Findings

A. Neighborhood planning is often an essential first step in designing a revitalization project, and very often can be undertaken with CETA Title VIB assistance (PSE under CETA prior to 1978 re-authorization). Examples of neighborhood planning projects include:

1. surveys of the physical condition of local housing and neighborhood;

2. identification of location and ownership of deteriorating and abandoned buildings;

3. social, demographic, and attitudinal surveys;

4. review of community bank lending practices;

5. evaluation and recommendation of alternative projects;

6. development of neighborhood revitalization strategies which would incorporate all of the above as well as identifying possible alternative funding sources.

B. Specific CETA projects whose goals are community and/or economic development must be carefully designed in order to satisfy social, legal, economic, and practical requirements including the following:

1. the project must help to ensure that the neighborhood is upgraded for existing residents, rather than encouraging displacement;

2. the project must meet the requirements set forth in CETA legislation:

   (a.) the project must serve to increase the employability of CETA participants;

   (b.) the project must be able to be completed within one year;

   (c.) the project must not displace normal union work, or work which would have been funded without CETA assistance;

   (d.) the project must serve the intended population as set forth under CETA regulations.

3. The project, if solely funded by CETA, must meet the funding limitations concerning materials, labor, and administrative, fiscal, technical, and human responsibilities of running the CETA project.

   (a.) CETA participants must receive sufficient training to enable them to undertake the proposed project with adequate proficiency;

   (b.) supervisors must be equipped with the expertise to impart good quality supervision;

   (c.) legal requirements affecting the project--local, state, and national--must be fulfilled.

C. Because of the various economic, legal, and practical restrictions which accompany CETA programs, efforts to utilize CETA assistance in community and/or economic development projects are often most successful when undertaken by various co-sponsoring organizations and in conjunction with other local, state, or federal programs whose resources can be tapped for neighborhood revitalization efforts:

1. Co-sponsorship, e.g. the community not-for-profit building trades council and a community-based organization, provides a project with the complementary strengths and expertise of different groups and individuals, thus enhancing its prospects for success.

2. In order to maximize financial resources, CETA projects might be run in conjunction with other federal programs such as: (a) HUD Section 8: Rental Assistance; (b) HUD Section 202: Assistance for New Construction and Substantial Rehabilitation; (c) HUD Section 312: Rehabilitation Loan Financing; (d) HUD Section 810: Urban Homesteading; (e) FmHA Assistance; (f) CDBG grants; (g) CSA and DOE grants (e.g. for weatherization projects); or state and local assistance programs, private foundations or private lending institutions may be feasibly utilized in conjunction with CETA-assisted projects.

D. *Various types of economic development projects are necessary in addition to public works and housing rehabilitation projects to ensure the long-term revitalization of CETA-eligible communities. Examples of community-based CETA projects which support and assist local entrepreneurs and community development corporations include:*

1. Title VIB funded economic development planning projects which assist local businesses and prospective entrepreneurs in CETA-eligible neighborhoods to assess the retail demands of the residents and to assess the skills of those residents.

2. Industrial development research teams which gather specific economic base data and provide a listing of available lands and buildings in order to inform local businesses of expansion possibilities and/or to attract prospective new businesses into the community.

3. Totally CETA funded Business Information Centers (BICs) which give technical assistance and support to neighborhood small businesses. Also, BICs serve as a central point of contact between existing and prospective neighborhood businesses and a wide range of local and regional resource groups.

The two related articles offer sketches of various community and economic development projects undertaken in Massachusetts via CETA funding and address some of the barriers to successful linkage of employment and training programs with neighborhood revitalization efforts.

IV. Available From:

State Employment and Training Council
Commonwealth of Massachusetts
Department of Manpower Development
Boston, Massachusetts
(617) 727-4344

Annotations: Rural and Indian Reservation Development

Bruno, A. Lee and Wright, L.M., Jr.
Rural Job Creation: A Study of CETA Linkage With Economic Development. Washington, D.C.: CSR, Inc. under a grant from the United States Department of Labor, Office of Policy Evaluation and Research, 1980.

I. Report Topic

To describe and analyze how jobs are created in rural areas by or with the help of CETA programs involved with local economic activities.

II. Scope and Method

The report is based upon twenty case studies (chosen after a telephone survey of virtually all rural CETA programs) of CETA-linked economic development programs which have the following characteristics: (a) funded (partially or fully) by CETA; (b) concerned with the generation of permanent, unsubsidized jobs or increased wages; (c) administered cooperatively with at least one other non-CETA organization or agency; (d) maintained records sufficient to enable analysis of process and outcomes; (e) targeted to residents of rural areas; (f) produced a program model replicable by other CETA practitioners.

The case study sites are: East Carolina Industries, Fairfield, North Carolina; Green-Hale Sewing Cooperative, Greensboro, Alabama; Cooperative Campesina, Salina, California; Rusk County Multiple Products, Inc., Ladysmith, Wisconsin; Farm Workers/Small Farmers Training Program, Epes, Alabama; Three Day Care Centers, Hyde, Tyrrell and Wilson Counties, North Carolina; Possum Trot Corporation, McKee, Kentucky; Molalla Mountain Community Project, Molalla, Oregon; Outdoor Venture Corporation, Stearns, Kentucky; Old Bedford Village, Bedford, Pa.; Spring Lake Farmworkers Housing and Development Project, Spring Lake, Utah; Hopkinsville Industrial Park, Hopkinsville, Kentucky; Craig Field Airport and Industrial Authority, Selma, Alabama; Moapa Band of Paiute Indians, Moapa, Nevada; Michigan Comprehensive Employment Program, Charlevoix, Michigan; Kors, Inc., Rutland, Vermont; Bleyer Industries, Inc., Mt. Union, Pa.; Harvard Design, Inc., Cambridge, Mass.; Texas Loan Evaluation Program, Schulenberg, Texas; Gratiot Overall Economic Development Plan and Economic Adjustment Strategy, Gratiot County, Michigan.

III. Findings from the case study analyses

A. Economic development requires materials, manpower, markets, management and money. CETA may provide manpower (by increasing the participation of CETA clients in the local economy) and management. CETA's effort in the rural setting are contingent upon the development of labor demand which can be accomplished only through vigorous economic development efforts.

B. Rural areas have the following characteristics which affect the design and outcome of linked economic development and employment and training programs.

(1) Rural populations are characterized by high unemployment rates, out-migration and a 20% average incidence of poverty.

(2) Local governments tend to pose resistance to development efforts. Typical difficulties are inability to secure venture capital, problems in overcoming zoning and land use restrictions, market accessibility, and problems in establishing cooperative relationships with agencies that may provide resources.

(3) A number of communities are closed societies dominated by political and economic elites who resist new approaches. Local control over program planning must be obtained if economic development efforts are to be successful.

(4) Rural communities are isolated, have limited resource agencies (primarily public schools and community action agencies) and very limited tax bases.

C. Those programs that were successful in establishing economic development and CETA linkages had the following characteristics:

(1) a supporter willing to take the investment risk;
(2) motivation to serve a particular target group;
(3) comprehensive planning;
(4) adequate support staff;
(5) private sector and elected official support;
(6) CETA-provided work force (but rarely was CETA the initiator of the economic development activity).

D. In terms of the five resources required for economic development the following patterns prevailed in successful linked CETA and economic development programs.

Materials were usually a local natural resource exploited by the CETA/economic development activity. CETA provided the manpower for businesses by training new hires, or through public service employees, work experience or on the job training. The most difficult problem is accessing a market for goods. This factor may prove to be the major determinant of program success or failure. Management was obtained from a variety of sources. Clearly CETA is in need of technical and management capability focused on economic development. Money was provided (in descending order) by the private sector, EDA, CSA, HUD, FmHA and SBA. Management's most crucial role was in obtaining fundings.

E. Successful interagency coordination was characterized by five to six agencies entering an oral agreement to cooperate in the implementation of a joint program. Resources were most easily acquired when the sponsor of the economic development program is a community-based organization with multiple funding sources. Coordination was most easily achieved when agencies shared common objectives.

F. Analysis revealed four distinct conceptual models for economic development and CETA linked programs characterized by the function CETA served as a member of the economic development coalition.

(1) Income Generation - CETA provides manpower for production of goods and services chiefly through PSE, work experience and, in a lesser sense, training.

(2) Infrastructure - CETA provides PSE, work experience or on the job training manpower to construct industrial parks, expand overhead and/or enhance the environment making it conducive to economic expansion.

(3) Promotion - CETA markets the area as a locale for new business.

(4) Economic Development Intermediary - CETA functions as an administrator to organize and coordinate economic development.

In addition to the synthesis of case study findings, the report contains the following: a review of the literature on rural CETA/Economic Development linkages; information on technical assistance materials available to CETA prime sponsors for implementation of economic development strategies; a step-by-step guide for prime sponsors to implement and evaluate economic development programs; a comprehensive bibliography; a Table of Economic Development Resources and summary of the parts of the CETA legislation and regulations pertinent to economic development.

IV. Available From

United States Department of Labor
Employment and Training Administration
Office of Policy Evaluation & Research
Mr. Ron Jones (202) 376-7029

Fazio, Ernest J. and Kelly, Patricia F. Study of CETA Plans and Reservation Economic Development. San Francisco: Urban and Rural Systems Associates for the United States Department of Labor Employment and Training Administration,1978.

I. Report Topic

Orginally designed as an assessment of the degree of integration or lack of integration between Indian reservation CETA employment and training plans and OEDPs, the study has been expanded to include the exploration of approaches (including problems and prospects for implementing them) developed by 25 Indian reservations and Native Alaskan communities in using CETA funds to improve community and economic development efforts.

II. Scope and Method

The research was completed in two phases. Phase One consisted of a study team analysis of CETA plans, OEDPs and other planning documents available for each site. Phase Two consisted of field visitations to 25 reservations to document and analyze CETA/economic development program linkages.

III. Findings

A. General economic development issues confronting reservations

(1) Economic development on reservations differs from other rural economic development. Private investors are reluctant to support reservation enterprises, thus federal money is often the sole source of development funding. Tribal relationships transcend conventional land development and ownership patterns and complicate legal arrangements necessary for development to take place.

(2) Recently available federal support for Indian reservations has increased, creating better jobs, better housing and generating migration to the reservations. However, lack of experienced planners and managers for new programs and lack of funding for community services have resulted in the implementation of few successfully linked CETA/economic development programs.

(3) Past efforts to encourage economic development such as industrial park development and tourism have failed on reservations. This has stimulated a move to projects that are more compatible with Indian lifestyles such as agriculture, aquaculture and livestock development.

B. Observed CETA/economic development linkages took three major forms.

(1) Planning linkages, reflected in the institutionalization of joint planning bodies or informal arrangements (information exchange, memoranda of understanding) were often facilitated through implementation of the Native American Economic Stimulus Program (NAESP) which mandates the establishment of linkages between CETA and ongoing economic and community development efforts.

(2) Development linkages, defined as training of economic development project staff or preparation/construction of project facilities, were observed infrequently. Despite the need for qualified economic development program staff, local training resources including CETA programs, community colleges and vocational technical schools were not mobilized.

(3) Operational linkages consisted of support provided by PSE participants to programs and enterprises. In many cases CETA PSE participants proved to be the sole source of venture capital for tribal enterprises.

C. Linkages between CETA and economic development programs have been impeded by the following factors.

(1) Communication of instructions and changes in regulations from regional administrators is hampered by the many consortium arrangements which add another layer to convoluted communication routes. Communication is almost exclusively top-down with few opportunities for information exchange or, more seriously, for reservation CETA/economic development program personnel to obtain necessary technical assistance and training.

(2) Regulations for CETA participation are devised for non-reservation communities. This poses significant problems for participants. In seasonal economies, such as those which exist on reservations, eligibility standards requiring a period of unemployment before enrollment in the CETA program, serve to impose unnecessary hardship on tribe members. Limits on length of training program participation are too short and inhibit skill acquisition.

(3) CETA funds cannot be used in for-profit enterprises. However, PSE participants are a valuable source of venture capital for those enterprises which aspire to be profit-making. Whether PSE participants can be employed, legally, in this type of setting remains a source of confusion for program administrators.

(4) The limited time frames for preparing reports, modifications and required paperwork places burdens on understaffed offices and prevents direction of effort to linkage

establishment. Indeed, in exemplary programs adequate staff (such as certified planners, statisticians or research specialists) proved to be the factor that distinguished them from programs with no linkages to economic development.

D. Linkages between CETA and economic development programs may be fostered through consideration of the following recommendations:

(1) exempting Indian and Native Alaskan programs from certain CETA regulations such as mandatory periods of unemployment for program eligibility;

(2) establishing federal and regional administrative and programmatic linkages between the Department of Labor's Division of Indian and Native American Programs (DINAP) and the Economic Development Administration (EDA) to foster a serious commitment to linkage which can be communicated to local administratorsthrough improved technical assistance;

(3) continuing the Native American Economic Stimulus Program or implementing like programs;

(4) funding for CETA programs on a multi-year basis so that CETA/economic development planning and project coordination is not hampered by different funding and planning cycles.

E. Three technical assistance manuals accompany the final report and detail the following: exemplary planning mechanisms implemented by grantees to coordinate resources for reservation economic development; exemplary uses of CETA funds in reservation economic development and; community based data collection strategies replicable by Native American CETA grantees.

IV. Available From

Mr. Eric Rudert
U.S. Department of Labor Employment and Training Administration
Division of Indian and Native American Programs
Washington, D. C. (202) 376-7282

The final report is also available through the ERIC system ED # 182081.

MDC, Inc. The North Carolina Rural Employment Laboratory: A Demonstration of Facilitator's Role in Collaborative Rural Development. First Year Final Report. Chapel Hill, North Carolina, MDC, Inc. for the U.S. Department of Labor, 1980.

I. Report Topic

The North Carolina Rural Employment Laboratory, developed through an informal agreement between President Carter and Governor Hunt, exists to create linkages between federal agencies to focus coordinated efforts on economic development needs in rural areas. MDC functions to monitor the activities of the collaborative rural development projects; to provide technical assistance, and to analyze and report findings regarding the planning and implementation of projects. This report presents the findings from the first year of study of the North Carolina Rural Development Laboratory.

II. Scope and Method

Twelve projects constitute the North Carolina Rural Development Laboratory. MDC staff have conducted site visitations, interviews with project staff and completed research on secondary sources for background information on the following programs: the Graham County Railroad; Wanchese Harbour Development Project; Chowan Basin Wastewater Management Demonstration Project; Albermahle Basin Project; Western North Carolina Tomorrow; Farmer's Home Administration Agreement; North Carolina Rural Development Coordinating Committee; Rural Transportation Initiative; Rural Health Initiative; Water and Sewer Initiatives; HUD Rural Initiative; and the Welfare Reform Demonstration.

III. Findings

Project-Specific Findings

Space does not permit a full review of all the projects included in the North Carolina Rural Development Laboratory. Two are highlighted below.

The Graham County Railroad Project is a locally initiated effort to spur economic development in a rural mountain county by re-opening its only link (a 12-mile short-line railway) with a major freight hauling carrier. Efforts to re-furbish the Graham County Railroad have been in progress for five years during which a variety of complex legal problems have been disentangled. The project, which may also include revitalization of a scenic railway and establishment of a railway boxcar manufacturing concern, was sustained by technical assistance from the Western Carolina University Center for Improving Mountain Living, an area engineering firm and a particularly dedicated local businessperson. Presently an EDA grant and FmHA loan, supplemented by assistance from the Railroad Utilization Corporation, two local businesses and the Graham county government are almost in place to provide the funding necessary to rehabilitate the railroad. EDA and FmHA approval of final specifications for the project was pending at this writing. The extraordinary difficulty in finalizing arrangements for this project may have been avoided through accessibility to a greater degree of planning sophistication, informed technical assistance and sustained development funding.

The Wanchese Harbour Development Project is a joint effort of the federal government (EDA and Army Corps of Enginners), the state of North Carolina, the Coastal Plains Regional Commission and Dare County. The project is designed to build a commercial seafood handling and processing center consisting of a harbour and industrial park. Construction is scheduled for completion in January 1981; tenants in the industrial park may begin operations in Spring, 1981. This project exemplifies one of the few where a programmatic linkage was established between the North Carolina Department of Commerce and Labor (EDA and CETA) to provide a training program to fulfill an anticipated labor demand for marine craftsmen. Commerce cooperated with CETA in developing the training curriculum for 54 participants (consisting of one year of classroom training at a nearby community college and three years of apprenticeship training) which was implemented with a $800,000 STIP grant. Unfortunately no linkage exists between the training program and the seafood authority which governs the projects to ensure placement of these trained individuals. In addition the lack of coordination of timing resulted in the trainees' completing the curriculum a full year before employers will be ready to hire.

General Recommendations

A. Linkage of federal programs and resources is widely supported as a concept but staff designated to facilitate linkages must be fully acquainted with individual program similarities and differences (both administrative and substantive) and given sufficient time in the planning phase of each project to acquire this multi-program expertise

B. Clear responsibility for implementing interagency agreements must be designated from the start; responsibility for new programs should rest with existing planning bodies if possible to avoid confusion and inter-agency rivalries and resentment.

C. Observations regarding CETA/EDA programmatic linkages:

(1) Linkages are most easily facilitated when EDA and CETA jurisdictions coincide and a single unit of government is responsible for both.

(2) In practice, targeting jobs created through EDA assistance for CETA eligibles is not planned but consists of reserving what remains of already planned program slots for particular employers for CETA referrals.

(3) EDA officials define linkage as using a CETA referral, not concerted planning for joint efforts in training or placement.

(4) No formal mechanisms exist to follow-up on linkage initiation or establishment either with EDA or CETA personnel.

Recommendations regarding CETA/EDA linkage.

(1) One individual or agency must be responsible for initiating and maintaining linkage between CETA and EDA.

(2) Information on types and number of jobs resulting from EDA projects must be compulsory data for manpower planners.

(3) Manpower planners should attend all pre-application and pre-construction conferences for EDA projects.

(4) OEDP and CETP preparation should be a joint process.

(5) A study of incentives for the employment and training system to train and place CETA participants in permanent jobs created through EDA projects should be undertaken.

IV. Available From

MDC, Inc.
P. O. Box 2226
1717 Legion Road
Chapel Hill, N.C. 27514

Smith, Hubert L. and Hudson-Wilson, Susan and Paley, Heath.
Non-agricultural Rural Development: Four Case Studies.
Boston, Mass.: Institute on Employment Policy for the
California Employment and Training Advisory Office, 1980.

I. Report Topic

The purpose of this research is to describe and analyze successful strategies for non-agricultural rural development focusing upon recruitment of entrepreneurs, the process whereby successful development strategies originated including methods for staff recruitment and training and the use of human resources in the development strategy.

II. Scope and Method

Four case studies form the major part of this report. The case study sites were chosen after a telephone survey of contact persons in federal, state and local government, universities, interest groups and research and technical assistance organizations which produced a list of successful non-agricultural rural development projects nationwide. The identified projects were contacted and compared against the following selection criteria developed by the California Employment and Training Advisory office. The case studies were to: (1) focus on human resources as the key to the development strategy; (2) have achieved a significant amount of success in reaching stated objectives; (3) have a history lengthy enough for description and analysis; (4) operate in a setting broadly comparable to areas in California.

Field visits were made to the following sites: Impact 7, Inc., Turtle Lake, Wisconsin; Kentucky Highlands Investment Corp., London, Kentucky; the Minnesota New Jobs Program (a statewide effort) and the Mississipppi Action for Community Education and Delta Foundation in Greenville, Mississippi. The Impact 7 and Minnesota New Jobs Program reports were in draft form at the time this annotation was prepared and cannot, therefore, be cited in detail. The Kentucky Highlands Investment Corporation's major focus is the recruitment of entrepreneurs for business development. The Mississippi Action for Community Education (MACE) and Delta Foundation Program addresses linkage and blending of resources for a comprehensive approach to non-agricultural rural development and, therefore, will be addressed specifically in the findings section of this annotation.

III. Findings

The Mississippi Action for Community Education (MACE) and the Delta Foundation are both black organizations headquartered in Greenville, Mississippi designed to serve low-income black populations. MACE focuses on community development through human resources; the Delta Foundation's emphasis is upon the creation of new economic enterprises. The two organizations together address a variety of social and economic needs in the area. Linkage between these groups is maintained through information exchange, cooperative project implementation and formal institutional linkage; three administrative offices of MACE sit on the Delta board of directors; MACE's executive director is chairman of the board at Delta.

MACE serves 14 counties in the Delta region and has established the following objectives: to provide leadership training and technical assistance to individuals and community groups to establish self-help efforts; to attract industries that employ rural poor and to help create business ventures owned or controlled by black individuals or community organizations; to sponsor projects to improve social and economic conditions for residents; to provide technical assistance to minority controlled towns and other rural communities to foster community development; and to expand the MACE service area through the establishment of new affiliate organizations.

One outstanding example of MACE's activities is its involvement in the case of Hawkins vs. Shaw (437 F2d 1286), a class action suit by a group of black residents of Shaw, Mississippi. The residents sought an injunction in Federal District Court restraining the town's mayor, clerk and five aldermen from discrimination because of race and poverty in providing inhabitants with basic municipal services. On appeal the plaintiffs won a ruling that lack of basic municipal services in black neighborhoods constituted a prima facie case of racial discrimination. Shaw was ordered to submit a plan detailing how these inequities would be reversed. MACE secured assistance from the ACLU to prepare the case. After the decision, MACE assisted the community in securing funds for necessary improvements. MACE has provided similar technical assistance to 17 other black controlled municipal governments.

MACE has also administered basic literacy programs, a PSE/CSA weatherization program, a CETA Title III Seasonal Farmworkers program as well as a YCCIP project for youth to complete housing repair and rehabilitation for low-income and elderly residents.

The Delta Foundation (a CSA Title VII CDC) was founded by 14 local community organizations, including MACE, to promote economic development and to avoid duplication of service and waste of resources. Its objectives are to address the inability of local community organizations to accumulate significant amounts of investment capital, the absence of financial assistance committed to promoting the economic development of black communities and the lack of skilled professionals in the area with financial and managerial capability. The Delta Foundation is a non-profit organization, but owns two for-profit subsidiary corporations: Delta Enterprises and Delta Development and Management Corporation (DDMC). Delta Enterprises exists to promote creation of job opportunities for low-income residents by directly establishing for-profit enterprises. DDMC operates a development finance corporation to provide debt and equity capital and limited management assistance to private individuals and firms. DDMC also administers a MESBIC known as Sun/Delta Capital Access Center. Delta Enterprises presently owns seven manufacturing firms organized into three divisions: apparel, metalworking and electronics.

MACE and Delta Foundation have worked jointly in a number of projects, notably the development of the town of Metcalf. MACE helped Metcalf obtain a UDAG from HUD to install a sewer line and construct an industrial building which will be used by Delta Enterprises as a site for a new railroad spike manufacturing facility.

Together MACE and the Delta Foundation constitute a successful rural development effort able to deal with a wide range of problems confronting the Delta community through the blending of human and financial resources.

IV. Available From

Anne Hartfiel
Rural and Urban Development Section of the State CETA Office
Employment Development Department of the State of California
800 Capitol Mall
Sacramento, CA 95814

(916) 323-3803

Annotations:
Small and Minority Business Development

Miller, Ted. Bruce, Robert and Shapiro, Carol. Public Private Strategies for Involving Small Business in Community Economic Re-vitalization: A Policy Oriented Analysis. Washington, D.C.: National Institute for Advanced Studies, 1978.

I. Report Topic

This report is based upon an analysis and evaluation of mechanisms to effect small businesses development as an approach to neighborhood revitalization. The following sub-topics are also addressed:

1. the identification of viability problems particular to urban small businesses;
2. the identification of ways that local communities are assisting small businesses to overcome their difficulties directly or by implementing state and federal programs;
3. the identification of programs which facilitate small business involvement in community development;
4. an evaluation of federal programs' potential and problems in aiding successful community development, with emphasis on strategies for linking ten federal programs for this purpose.

II. Scope and Method

A two-stage research process was implemented in this project. The first stage consisted of discussions with federal program administrators and national non-profit community assistance organization leaders on problems of economic development in general and the role of small business development in a successful revitalization program. A literature search on economic development was also completed.

The second stage consisted of one-week field visitations to fifteen cities to analyze community development efforts. The cities visited were: Baltimore, Maryland; Brooklyn, N.Y.; Cleveland, Ohio; Hartford, Conn.; Milwaukee, Wisconsin; New Orleans, La.; Oakland, Calif.; Philadelphia, Pa.; Phoenix, Arizona; Portland, Oregon; Providence, R.I.; Seattle, Wash.; St. Louis, Mo.; Toledo, Ohio; Worcester, Mass.

III. Findings (from the 15 city visitations)

A. The viability of urban small business is adversely affected by the following factors.

1. Public sector disinvestment is occurring in urban market areas resulting in deterioration and withdrawal of essential services such as police and fire protection.

2. A general lack of concern for business needs on the part of policymakers appears common. (e.g. tax structures fail to recognize the costs and risks of doing business in the inner city).

3. Skilled labor is often unavailable or unreliable; imported labor demands higher wages which many small businesses cannot afford.

4. Viable small business associations are absent.

5. Adequate insurance is expensive and often not available.

6. Capital sources redline many areas where development investment is needed.

7. Outmigration and lack of store concentration result in market deterioration.

8. Small business owners rarely have necessary management skills to maintain necessary records, etc., for successful business operation.

B. In those areas where an economic development program was in operation, federal funding program selection was not based on explicit choices of the program combination with the greatest potential. Operative choice mechanisms were awareness of the program and whether it seemed quick and easy to obtain and sell to local decision-makers.

The programs most frequently used were CDBG funding with private sector aid for infrastructure development and SBA loan assistance.

C. In each of the fifteen sites, ten federal programs' impacts on community development efforts were examined and evaluated. The programs are: Community Development Block Grants, CSA Special Impact Program CDC's, CETA, EDA grants and loans for public works and development facilities, Federal Crime Insurance Program, OMBE programs, SBA Business Loan, 502 and Management and Technical Assistance programs, and SBICs and MESBICs.

A summary of each program's purpose and suggestions for each program's application to neighborhood development efforts are given as well as a summary of strategies whereby each program may be linked to other federal programs for a unified development effort.

The following four general strategies (not observed in the visited cities) for linked revitalization were suggested:

1. use of a CDC or LDC as a CETA job training site and use of CETA labor for infrastructure development;

2. integration of homesteading and development corporation activities;

3. development and implementation of a citywide commercial plan using representatives from all development programs;

4. development and implementation of an early-warning and intervention system to secure business retention.

D. Four additional topics which have impact on neighborhood redevelopment are addressed.

1. advantages and disadvantages of neighborhood vs. citywide development corporations;

2. commercial redlining;

3. problems of federal program coordination and duplication;

4. problems and prospects for leveraging federal funds.

E. In summary four general rules are proposed as part of a step-wise framework for planning, funding and implementing a neighborhood economic development program;

1. complete a thorough needs assessment and comprehensive plan;

2. ensure that staff possess adequate management skills and that adequate resources are secured for implementing the plan;

3. structure strategy, communications and publicity for broad promotion of the plan;

4. in all aspects take a comprehensive approach.

IV. Available From

National Technical Information Service
Springfield, VA. 22161
PB Number: 80-135643
Order by telephone: (800) 336-4700

III. RELATED AND ANNOTATED READINGS

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V. Appendix A

Resources Searched for Entries

The search for materials for this bibliography encompassed a variety of resources. The following standard indexes formed the cornerstone of the search:

Center for Community Economic Development Bibliography;

Council of Planning Librarians Resource Bibliographies;

Economic Development Administration Research Reports 1974-79;

Employment and Training Administration Research and Development Projects included an on-line search of the Union catalog;

Monthly Catalog of U.S. Government Publications 1974-1980;

Public Affairs Information Service Index 1974-1980;

Social Sciences and Humanities Index 1974-1980.

The following organizations were contacted; bibliographies and current publications were obtained as appropriate:

Center for Community Economic Development
1320 19th Street, N.W.
Washington, D.C. 20036

Center for Urban Policy Research
Rutgers - The State University
New Brunswick, N.J. 08901

Committee for Economic Development
477 Madison Avenue
New York, N.Y. 10022

Commonwealth of Massachusetts
State Employment & Training Council
Department of Manpower Development
Boston, MA

The Community Service Society of New York
105 E. 22nd Street
New York, N.Y. 10010

The Conference Board, Inc.
845 Third Avenue
New York, N.Y. 10022

Council of State Planning Agencies
Hall of the States
444 N. Capitol Street
Washington, D.C. 20001

CSR, Inc.
805 15th Street, N.W.
Washington, D.C. 20005

ETA Resource Clearinghouse
Patrick Henry Building
601 D Street Room 8221
Washington, D.C. 20213

HUD Publications Service Center
451 7th Street, S.W. Room B258
Washington, D.C. 20410

HUD USER
P.O. Box 280
Germantown, MD 20767
(provides HUD Research Compendium)

Institute for Economic Development
734 15th Street, N.W.
Washington, D.C. 20005

Institute of Government Research
University of Washington
3935 University Way, N.W.
Seattle, WA 98185

National Association of Counties
1735 New York Ave., N.W.
Washington,D.C. 20006

National Commission for Employment Policy
1522 K Street, N.W.
Washington, D.C.

National Congress for Community Economic Development
1823 L Street, N.W. Suite 401
Washington, D.C. 20036

National Council for Urban Economic Development
1730 K Street, N.W.
Washington, D.C. 20006

National Economic Development Law Project
Berkeley, CA

National Governor's Association
Suite 250
444 N. Capitol Street
Washington, D.C. 20001

National Rural Center
1828 L Street, N.W.
Suite 1000
Washington, D.C. 20036

The National Urban League Research Department
733 15th Street, N.W.
Washington, D.C. 20005

Neighborhood Information Sharing Exchange
1725 K Street, N.W. Suite 1212
Washington, D.C. 20006

New York State Library Legislative & Governmental Services Division
Empire State Plaza
Albany, N.Y. 12230

The Northeast Midwest Institute
Room 3589 House Annex #2
Washington, D.C. 20515

PSIP Clearinghouse
National Alliance of Business
1015 15th Street, N.W.
Washington, D.C. 20005

Tri-State Regional Planning Commission
World Trade Center
New York, N.Y. 10048

University of Texas
Center for the Study of Human Resources
Austin, TX 78712

University of Wisconsin
Employment and Training Institute
Madison, WI 53702

Urban and Rural Systems Associates
Pier 1½
San Francisco, CA 94111

Urban Mass Transportation Administration Office of Public Affairs
Room 9330 400 7th Street, S.W.
Washington, D.C. 20590

Urban Systems Research and Engineering Inc.
Cambridge, MA 02138

U.S. Conference of Mayors
1620 I Street, N.W.
Washington, D.C. 20006

U.S. Department of Commerce Economic Development Administration
Office of Public Affairs
Room 7019 14th Street & Constitution Ave., N.W.
Washington, D.C. 20230

U.S. Small Business Administration
1441 L Street, N.W.
Washington, D.C. 20416

Vance Bibliographies
P. O. Box 229
Monticello, IL 61856

Working Group for Community Development Reform
1000 Wisconsin Ave., N.W.
Washington, D.C. 20007

Appendix B
List of Acronyms

ACE - Active Corps of Executives

BIA - Bureau of Indian Affairs

BIC - Business Information Center

CAMPS - Cooperative Area Manpower Planning Systems

CBO - Community Based Organization

CDBG - Community Development Block Grants

CDC - Community Development Corporation

CEDP - Community Economic Development Program

CETA - Comprehensive Employment and Training Act of 1973, reauthorized in 1978.

CETP - Comprehensive Employment and Training Plan

CSA - Federal Community Services Administration

DINAP - Federal Department of Labor's Division of Indian and Native American Programs

DOE - Federal Department of Energy

DOL - Federal Department of Labor

DOT - Federal Department of Transportation

EDA - Economic Development Administration (part of the Federal Department of Commerce)

EGS - Employment Generating Services

EI - Employment Initiatives

EIP - Employment Initiatives Program

FmHA - Farmers' Home Administration

FRC - Federal Regional Council

HUD - Federal Department of Housing and Urban Development

IACC - Interagency Coordinating Council

LDC - Local Development Corporation

MDTA - Manpower Development and Training Act

MESBIC - Minority Enterprise Small Business Investment Company

NAB - National Alliance of Business

NAESP - Native American Economic Stimulus Program

NCEP - National Commission for Employment Policy

NCREL - North Carolina Rural Employment Laboratory

OEDP - Overall Economic Development Plan

OJT - On the Job Training

OMBE - Office of Minority Business Enterprise

PIC - Private Industry Council

PSE - Public Service Employment

PSIP - Private Sector Initiative Program (CETA Title VII)

SBA - Federal Small Business Administration

SBIC - Small Business Investment Company

SCORE - Service Corps of Retired Executives

TJDP - Targeted Jobs Demonstration Program

TJTC - Targeted Jobs Tax Credit

UDAG - Urban Development Action Grants

UMTA - Federal Urban Mass Transportation Administration

USDA - United States Department of Agriculture